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HUMAN RESOURCES DEVELOPMENT

Developing human resources for development

Report of the Secretary-General

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I. INTRODUCTION

1. This report is presented to the General Assembly in response to its resolution 46/143 of 17 December 1991 on developing human resources for development, in which it requested the Secretary-General to submit a report on the implementation of that resolution, including specific proposals for action to enhance inter-agency coordination of the United Nations system on issues relating to human resources development (HRD) and to monitor the activities of the United Nations system in support of human resources development objectives. The Secretary-General was also requested to include in the report recommendations to help mitigate the possible adverse effects of stabilization and structural adjustment programmes on HRD, with a view to making national policies more supportive for HRD. Two previous reports (A/45/451 and A/46/461) under the same title were submitted to the forty-fifth and forty-sixth sessions of the Assembly. Issue No. 19 of the Journal for Development Planning 1/ contains papers that discuss the case for renewed emphasis on HRD from several perspectives. Successive issues of the United Nations Development Programme Human Development Report have been devoted to the analysis of concepts, trends and policies in human development. The World Economic Survey 1990 2/ contained a chapter on external economic factors and social conditions in developing countries. The Report on the World Social Situation 1993 3/ devoted a large part of its contents to these questions.

2. For several reasons, HRD has continued to gain prominence. First, in all countries, HRD provides a means of improving the human condition - longer life, a somewhat richer diet, lower morbidity and improved literacy. It has also been well demonstrated that these improvements can be made even at very low levels of material well-being, as measured by gross domestic product (GDP) per capita, as long as some substantial reordering of priorities takes place. Such a reordering may now be facilitated by the end of the competitive military build-up largely spurred by the former rivalry between the two largest military Powers. However, civil wars, ethnic and religious conflicts and other episodes of violence in some developing countries stand in the way of this reordering.

3. Second, advances in technology have made feasible the achievement of some of these objectives at lower real costs than a decade or so previously. World food output has expanded sufficiently rapidly in recent years to overtake population growth so that, if it had been equitably distributed, global food output would have been more than adequate to feed the world's population. In 1991, 80 per cent of the world's children were, for the first time ever, immunized against diphtheria, pertussis, tetanus, measles, poliomyelitis and tuberculosis. New methods of oral rehydration have permitted millions of young lives to be saved from the fatal consequences of diarrhoeal infections. Finally, a veritable revolution in production technology has made HRD an essential requirement for raising productivity and enabling enterprises to remain competitive in world markets.

4. However, the development of human resources remains arrested in many developing countries, nowhere more so than in Africa. The economies in transition in Eastern Europe and the former Union of Soviet Socialist Republics face daunting problems of HRD as they change over to market economies. The process is taking far longer and is accompanied by much heavier sacrifices than

most had expected. There are persistent, if less severe, problems in developed countries. The problems in developing countries and in economies in transition have been compounded by adverse international economic conditions and the need to implement drastic programmes of economic stabilization and adjustment.

5. Five interacting components can be seen as the major building blocks for effective HRD:

(a) Promotion of lifelong acquisition of knowledge, skills and competencies necessary for the performance of chosen roles that contribute economically and socially to self and others;

(b) Facilitating the application of knowledge, skills and competencies in chosen roles in rewarding ways;

(c) Improving access to assets (such as land, shelter, capital and information) without which the development of human capabilities is often essentially stunted at the source;

(d) Sustenance of human resources through policies and regulatory mechanisms that underpin broad intersectoral support for both the acquisition and the application of knowledge and skills; 4/

(e) Ensuring a modicum of the sense of individual, local and national security: peaceful political and favourable national and international economic conditions.

6. The report has been prepared on the basis of information and contributions provided by the United Nations Development Programme (UNDP) and regional commissions, of reports and publications of the relevant United Nations specialized agencies, and of national data sources and academic studies.

II. DEVELOPING HUMAN RESOURCES

7. At present, most developing countries are in the process of transforming their development policies and institutions in response to the disastrous consequences of the prolonged economic stagnation and, in some instances, economic collapse of the 1980s. This transformation is being pursued on the basis of new perceptions about development, which see in popular participation, individual and local initiative and private business activity the key to economic recovery and sustainable economic growth. The reform process, as the Report on the World Social Situation 1993 outlined, has been evolving along the following lines: (a) changing the balance between the public and private sectors; (b) stimulating private activity; (c) liberalizing internal and external economic regimes; (d) promoting popular participation; and (e) reforming governance.

8. In the light of these new perceptions, many developing countries have also been reviewing their social development strategies, policies and policy instruments. Activity in the social areas has been reoriented towards more realistic goals - to develop and utilize fully their human resources, relying on

domestic financial resources and forging a partnership between the state and other development agents.

9. The economies in transition have also been changing their social policies and the organization of their social sectors. They appear to be much more concerned with the underutilization of human resources rather than with their underdevelopment.

10. Another concern is the quality of social services provided to users. Both groups of countries have been struggling to overcome the mismatch between the needs and requirements of the development process and the quantitative and qualitative parameters of their human resources.

11. The adoption of these new approaches to HRD differs significantly from country to country. This can be partly attributed to variations among developing countries in the current level of human resources development, and partly to the availability of resources, including national expertise for designing and implementing the reform processes. In the economies in transition, the direction and pace of change of human resources development policies and instruments are, in many respects, being shaped by the political process and the speed of transformation. At the same time, there is a certain commonality in the way the processes of change have been evolving in most countries.

12. These countries also face a series of common problems including: (a) a predominantly sectoral approach; (b) a mismatch between the output of the education and health sectors and the needs of the public; (c) constraints on the part of government to provide these services; (d) a gap between the rural and urban areas in terms of the quality of social services provided to users and the degree of coverage; (e) social fragmentation of education and health; and (f) the overall decline of the quality of the social services. 5/

A. Integrated approach to human resources development

13. Integrated approaches to HRD are gaining support among the policy makers in many developing countries. They allow for a whole range of underlying causes of certain social problems, or for a number of problems, to be simultaneously addressed, releasing constraints arresting the development and productive utilization of human resources. For example, undernourishment is a notorious attribute of poverty, but at the same time it is partly responsible for the reproduction of poverty as it creates a low learning capability among children from the poorest families. Supplementary feeding programmes at primary schools, especially in the areas where the low-income population resides, are a means to improve both the nutrition and the learning capability of children from poor families. Some of these programmes also aim at developing income-generating activities among the schools and families to ensure stable local funding of and a supply of food for the feeding programmes. 6/ New programme initiatives in several countries are exploring ways in which services to improve the health of school children can be explicitly related to improvements in learning and achievement. 7/

14. Many developing countries have attempted to approach the problem of undernourishment from another angle by addressing such important factors as the intra-family distribution of food, the role of women in the provision of food and food security, and the interrelation between nutrition, health and hygiene. 8/ According to this approach, the main emphasis on combating undernourishment has been placed on improving the legal status and capacity of women to carry out food-production activities.

15. A similar trend of combining the efforts of different government agencies has been observed when addressing the problems of urban squatters, rural poor and deinstitutionalized persons. 9/ The development and improvement of their capabilities has been seen as a means of alleviating poverty. Many projects and programmes for rural and urban community development and for dealing with deinstitutionalized persons include components which are mutually reinforcing and supportive: training, sanitation, housing, health and access to credit among others.

16. However, examples of such collaboration between different government agencies can be found mainly at the programme or project level. Many developing countries still lack the institutional arrangements and policy regimes necessary to frame and encourage an integrated approach to HRD.

1. Attuning human resources development to the needs and requirements of the national development process

17. A growing mismatch between the available human resources and the needs and requirements of the national development process has generated concern in a large number of countries. Despite the noticeable expansion in the coverage of education, there is evidence of a weakening relationship between the acquisition of skills or a broad education and the upward mobility of the population; between the educational level of the population and labour productivity, economic growth and the overall human condition. 10/

18. These problems are well recognized in some developing countries; in others less well. There has been a perceptible shift in emphasis in a large number of countries.

19. Many developing countries have placed increasing emphasis on primary education and vocational training. Two main reasons behind these changes are the demonstrated cost-effectiveness of primary education and a widely shared belief that primary education can favourably influence reproductive behaviour.

20. New primary education programmes have been introduced in a number of developing countries. They have focused on improving learning opportunities for disadvantaged groups, including the rural poor, girls, the disabled and ethnic minorities. In order to increase the efficacy of primary education in poor rural areas, some countries have modified curricula, organized regular training courses for teachers, provided new textbooks, and, in some cases, decentralized the administration of educational services.

21. It is anticipated that decentralization will help overcome excessive concentration and bureaucracy and give schools more autonomy in the areas of

pedagogy, administration and budgeting. It is also expected that schools will strengthen their ties with the local communities and respond better to local demands. The Colombian experiment, known as the Escuela Nueva model, provides some encouraging evidence. 11/

22. Another major emphasis has been on making vocational training more demand-oriented. In many developing countries, vocational schools have been changed to respond to the needs of local enterprises. Apprenticeship schemes have been encouraged and formal vocational training and informal apprenticeship upgraded with the provision of technical and informational support. 12/

23. Increasing attention has been given to upgrading higher education systems and improving the organization and funding of research and technology development. The Governments of Mexico and the Republic of Korea have taken measures to expand research work at universities and to establish links between universities and local industries and other users of technology, both in the public and private sectors. In some countries of Latin America, attempts have been made to expand and diversify the teaching services provided by universities and technical training institutions so that they could reach new groups of students and cover a wider range of educational needs.

24. In Latin America, there has also been a notable increase in adult education courses, continuing education programmes, educational activities for managers and administrators, refreshers courses and retraining programmes. 13/

25. A similar process can be seen in Africa, although the underlying reasons there are different. In some African countries, universities and technical institutions have diversified their activities because of the erosion of public funding. Through marketing access to their physical and instructional assets, some higher education institutions have been able to improve their financial base while simultaneously strengthening their ties with local businesses. 14/

26. The educational sector in many economies in transition has been learning rapidly to adapt to changes in the demand for professional skills and has been establishing links with the emerging private sector and with State-owned enterprises. The practice of training specialists for industries and newly developed businesses on a contractual basis has become widespread.

27. Attempts have been made to make educational institutions more responsive to the broader socio-political and cultural problems of society, such as combating gender-based stereotypes, the social isolation of minorities and other disadvantaged groups, or improving moral and cultural standards. 15/ In many developing countries both governmental institutions and non-governmental organizations have taken measures to increase the enrolment of girls in school and to recruit more women in teaching. 16/

2. Partnership in developing human resources

28. The involvement of social agents other than the government in HRD is seen as one way to obtain a closer match between supply and demand in HRD, to share the burden of funding, to ensure a broad social consensus in support of HRD

policies, and, finally, to improve the effectiveness of these policies. In many developing countries, such participatory activities have been expanding. 17/

29. Relying for some services on private providers has been helpful in widening access to schooling and diversifying the financial base of higher education. Private universities in some developing countries have joined governments as partners in training students. By employing more flexible degree and non-degree programmes and continuous education schemes and private and public scholarships, a number of developing countries have achieved a noticeable increase in higher education enrolment.

30. In most of the economies in transition, the private provision of educational services has started. Private secondary schools, colleges, universities and training courses are growing in number.

31. Some developing countries and economies in transition have been exploring the potential of a participatory approach to health care. The module system for providing health care appears to have proven quite effective in some countries. 18/ By involving local communities, non-governmental and religious organizations, mass media and the business community in disseminating basic health information and providing families with instructions on the prevention and treatment of diseases, immunization and birth control in some of the poorest areas, several developing countries have made strides in improving their health situation. 19/

32. The problem of financing health care remains very acute, however, in most of the developing countries and economies in transition. Some of them have been trying private sector alternatives in order to reduce costs, extend coverage and improve the quality of health services to the poor. 20/

33. A number of countries, including some of the economies in transition, have introduced or expanded cost-recovery schemes 21/ and tried to extend the coverage of health insurance. The emphasis varied among the promotion of private health insurance (as in Malaysia), voluntary health insurance (as in Indonesia and Sri Lanka), and the extension of the existing compulsory insurance systems (as in the Republic of Korea). 22/

34. However, in many developing countries the level of per capita income and the poverty of a significant part of the population impose severe limitations on extending user-fee schemes both in the education and health sectors. In some countries, the response of the poor to these schemes was withdrawal from schooling and health facilities. 23/

B. The socio-economic environment for human resources development

35. The development experience of the past decades has highlighted the importance of socio-economic conditions for both the formation of human capital and its efficient utilization. Failure of many countries to sustain economic growth and social progress has shown that, without favourable socio-economic conditions, the development of human resources and especially their effective employment for the benefit of human development is problematic. Human resources require economic stimuli to be employed efficiently. In addition, the

efficiency of the utilization of human resources depends on how the benefits of economic growth are distributed and how that affects human conditions, which are an important determinant of the sustainability of economic development and social progress.

36. The socio-economic environment is determined by many factors. Among them, the most important are the institutional system, domestic policies, the level of development, culture, the availability of resources and external conditions. Since the mid-1980s, many countries have initiated comprehensive domestic reforms aimed at improving socio-political and economic conditions. While domestic and external economic constraints were the primary reasons behind these reforms, they were undertaken in many countries in response to demands from society for equal participation in and equitable distribution of the benefits of economic development.

37. The main purposes of these reforms have been to create favourable conditions for popular participation in all areas of social life, to ensure a broadening of individual choice and to provide stimuli for a more productive and constructive role for each member of society in national development.

1. The effects of the political reforms

38. Fundamental changes have taken place in political institutions in a number of countries. 24/ The most important results of the political reforms have been an increase in the participation of social groups previously deprived of any significant political power and the formation of new democracies.

39. The political process in some countries has become very fragmented, with numerous social groups competing in demanding from the newly elected democratic governments an immediate improvement in their access to and share of national resources, while being reluctant to make trade-offs or compromises. In some cases, the central government's activity has been actually paralysed due to the absence of consensus among rival groups.

40. At the same time, the capability of governments to influence the course of economic development and to offset some of the negative effects of structural adjustment programmes and the reform process has been significantly eroded by its withdrawal from productive activity and by budgetary constraints stemming from the high level of public external debt. In some countries, near paralysis in the economic area has contributed to increasing popular dissatisfaction.

41. In many developing countries that have introduced political reforms, political activity, as in the past, continues to be centred mainly in the urban areas, while the majority of the rural population remains outside national political life. In contrast, in some countries decentralization of the decision-making process has led to the strengthening of the power of local elites.

42. In a number of these countries, political liberalization has been exploited by the social groups associated with the old regime in order to preserve or restore their position through manipulating the kin, ethnic and religious and ideological values of parts of the population. In some cases, this has resulted

in a breakdown of the State, civil wars and massive displacement and flight of refugees. Thus, regrettably, political stability, a primary condition for the realization of the benefits of democracy in terms of human development and HRD, has been temporarily lost in some countries.

43. In many countries, the stabilization of the political process and the clarification of the rules of social relations, supported by respect for the rule of law, are urgently needed. Without these conditions, it is doubtful that these countries will be able to implement their HRD policies. The same conditions are needed for the productive employment of human resources. Uncertainty about rules and weak law enforcement undermine investment activities and, thus, the growth of employment opportunities.

2. The impact of stabilization and structural adjustment programmes

44. Over the past decades, external socio-economic conditions have acquired critical importance for domestic development. Sharp changes in world commodity prices, interest rates and exchange rates, restrictions on the movement of factors of production or, on the contrary, their liberalization may affect a country's socio-economic conditions in many ways either for the better or for the worse. Access to technology, financial resources and markets has become a key factor in sustaining the national development process, including HRD.

45. The international environment for most developing countries was generally unfavourable during the 1980s. Weak non-oil commodity prices depressed the export earnings of the majority of African countries and some Latin American and Caribbean countries. Oil prices softened abruptly in 1985 and have not recovered since, depressing the export revenues and government receipts of oil-exporting countries.

46. In 1992, the prices of virtually all primary commodities fell from their 1991 levels. 25/ The prices of agricultural raw materials as a whole declined by 3.1 per cent, of food by 2 per cent, and of minerals and base metals by 3 per cent. The prices of some primary commodities performed even worse. Thus, coffee prices on average were 21 per cent lower in 1992 than in 1991; cocoa prices declined by around 8 per cent; the price of nickel suffered a 14 per cent decrease. Prices of other major commodities, such as natural rubber, cotton, jute and sisal, fell by between 3 and 25 per cent.

47. Sharp changes and long-term declines in primary commodity prices have disturbed and undermined the productive activity of crop producers in many developing countries. Unstable or falling incomes have increased the incidence of rural poverty in many areas of the developing world. In some cases, there has been a complete collapse in rural incomes. As part of a survival strategy, crop producers in some countries have substituted traditional cash crops with plants used for the production of narcotics.

48. Financial flows were suspended to many capital-importing developing countries experiencing external debt difficulties and many of them faced a reversal in the net flows of financial resources. This situation changed in

1991 when net financial flows to capital-importing developing countries became positive for the first time since 1982. 26/

49. In 1992, the developing countries as a whole received $51.9 billion in transfers from other countries, or $4.6 billion more than in 1991. While West Asia received the largest net inflow, some positive change was registered in the situation of Latin America and the Caribbean. From negative transfers of between $20 billion and $30 billion a year in the late 1980s, the transfer became a net inflow of $7 billion in 1992. However, Africa's position was worse in 1992 than in the 1980s as indicated by the negative net transfer of resources of $1.6 billion in that year.

50. An adverse external environment explains only part of the economic difficulties of many developing countries. Sluggish growth was also a combined result of inappropriate economic policies and deeply rooted structural problems inherited from the past. Both factors severely limited flexibility and responsiveness to external shocks.

51. Under conditions of instability and insecurity of resource inflows and competing development priorities, many governments have had to curb their expenditure in the social sectors. For many of the unemployed in developing countries, where safety nets, such as unemployment benefits, are absent or marginal, this has meant abject poverty. The lack of active training programmes and support from placement agencies resulted in prolonged penury.

52. Since the mid-1980s, stabilization and structural adjustment programmes have been introduced in many developing countries in response to the sharp deterioration in economic conditions which has persisted into the 1990s. While a main purpose of stabilization has been to reduce the severe disequilibrium in the current account brought about by the unfavourable international environment of the early 1980s and, often, inappropriate domestic policies, structural adjustment was required to increase the efficiency of the economy and to put it back on a sustainable growth path.

53. The reorientation of policies has included (a) attempts to balance the fiscal budget, (b) changes in relative prices, (c) liberalization of the trade and foreign investment regimes, (d) privatization of State-owned enterprises and (e) deregulation of domestic markets. Because the government in most countries is a provider of employment to others besides the civil service and the military, such measures as privatization and deregulation have had significant social implications. 27/

54. However, economic conditions and economic growth have continued to deteriorate in many countries, despite adjustment efforts. This makes it rather difficult to isolate the effects of structural adjustment and stabilization programmes on the development of human resources. Yet, in attempting to put countries back on a sustainable growth path, stabilization and adjustment programmes have compounded problems by imposing additional constraints - at least in the short term - within which policies had to be designed and implemented. In many instances, the impact was felt in terms of the volume of resources governments devoted to the development of human resources. For many adjusting countries, the need to reduce the fiscal deficit meant that government expenditures had to be curtailed and additional revenues generated.

55. Cuts in government expenditures were difficult to achieve in view of an increasing interest bill on both external and internal domestic debt. Higher international interest rates and a repeated lowering of the exchange rate made servicing the external debt more costly in terms of the national currency. 28/ The ratio of government expenditure to GDP remained fairly constant during the 1980s, but the composition of expenditure underwent considerable change. The share of interest payments in total government expenditure increased - in some instances by more than 100 per cent, while that of health and education remained stagnant or even declined. 29/

56. In per capita terms, the changes were more dramatic. Education expenditure, for instance, declined by 20 per cent in some countries of Latin America during the last decade, when the region experienced deteriorating terms of trade, a negative net transfer of financial resources and slow economic growth. 30/ Health expenditure suffered smaller cuts. Nevertheless, by the end of the decade health expenditure per capita had fallen by 10 per cent or more in several countries. 31/

57. Many African countries were unable to increase their health and education expenditure in line with their population growth. For instance, real education expenditure per capita fell by 50 per cent in Zambia during the past decade, while health expenditure per capita fell by the same magnitude in Egypt. In general, however, cuts in government expenditure on HRD were less severe in Africa than in Latin America, and a number of African countries were able to increase expenditure in these areas during the decade. Despite economic difficulties, some African countries continued to experience positive net inflows of financial resources. Moreover, in some of them, official development assistance (ODA) played an important role in sheltering social expenditure from the overall poor economic performance. 32/

58. In contrast to Latin America and Africa, countries in South and East Asia were generally able to increase education expenditures per capita during the decade by at least 25 per cent in real terms. Health expenditure was also raised in most countries. Relatively faster growth, milder external shocks and a strong government commitment to HRD explain the region's performance in this area.

59. Cuts in government expenditure in other areas also led to a decline in the quality of services rendered. Public sector wages fell in real terms in many countries, thereby forcing qualified staff to leave the sector. Many of those who remained were forced to look for secondary sources of income, which resulted in fatigue and inadequate preparation for their daily routine tasks. 33/ In other instances, the lack of inputs such as educational materials and medical supplies seriously compromised the delivery of services.

60. Decreased government involvement in HRD was not conducive to enhanced participation by private agents. In countries where private agents were ill prepared or unwilling to operate under existing conditions, the State's partial withdrawal created a vacuum. In these cases, the State was replaced by private agents only on a very marginal scale, especially so in the rural areas.

61. In the quest for increased government revenues, user fees and other charges have been introduced. Costs to parents were raised in many countries, which

discouraged parents from sending their children to school. This was particularly the case in rural areas where children actively contribute to the family's survival during sowing and harvest times. In sub-Saharan Africa, primary enrolment ratios declined during the past decade from 82 per cent in 1980 to 72 per cent in 1990. User charges for health services introduced in some African countries led to a decline in the use of these services. Partly as a result, infant mortality rates either rose or stopped improving. Finally, despite improvements in indicators at the regional level, access to safe water and sanitation declined in many African and Latin American countries.

62. Structural adjustment programmes have affected HRD through changing overall socio-economic conditions. Real wages and income from self-employment often fell. The decline in income meant that a larger number of people became unable to sustain their previous patterns of consumption, which seriously affected their access to housing, education, health and adequate nutrition. In Latin America, for example, an increased incidence of malnutrition among children was reported in several years during the 1980s. 34/

3. The effects of transformation

63. The impact of the socio-economic transformation taking place in the economies in transition on the HRD sectors may be characterized as mixed. In all sectors - health, education, housing, and employment - the privatization process has produced alternative organizational forms: public, private or collective. The present institutional organization of the HRD sectors is still far from consolidated. A unifying concept is yet to be developed for the management and division of functions, responsibilities and rights between the providers of education and health services.

64. Two major factors continue to constrain consolidation: (a) continuous bargaining between the major social groups over the content of the fundamental institutions; and, consequently, (b) overall uncertainty about the rules, duties and rights and, as a combined result, the weakness of law enforcement.

65. These factors have also contributed to the slowness of progress towards economic stabilization and the worsening of the economic situation. At present, a major concern of the Governments of the countries in transition are appropriate safety nets. A solution to these problems would help ensure broad social support for the policy of transformation.

66. In the meantime, the public funding of HRD continues to deteriorate, re-enforcing those negative trends that had emerged even before the transformation process started: (a) shortage of pharmaceutical drugs and medical equipment and materials; (b) overloading of available facilities; (c) poor quality of medical services; (d) deteriorating drinking water supply and sanitation; (e) declining health/nutrition and educational standards; (f) pollution of water resources and air; and (g) the shortage and poor quality of housing.

67. The formal - and often informal - privatization of public health facilities and educational institutions in response to the erosion of public funding and

spread of private providers has led to rapid social differentiation in education and health.

III. THE AVAILABILITY AND CONDITIONALITY OF OFFICIAL DEVELOPMENT ASSISTANCE

68. For decades, official development finance (ODF) 35/ has been an important source of material resources and expertise for many developing countries. Total real ODF (at 1991 prices and exchange rates) increased from $34.5 billion in 1970 to $55.7 billion in 1980 and $68.1 billion in 1992. 36/ The largest component of ODF, ODA grew in real terms from $29.9 billion to $44.6 billion between 1970 and 1980. However, towards the end of the 1980s ODA stagnated: in 1992, it was estimated at $54.9 billion (at 1991 prices and exchange rates) as against $56.5 billion in 1985. Disbursements by multilateral organizations followed this trend: they grew strongly in the 1970s and remained flat in real terms in the late 1980s. 37/ However, concessional multilateral disbursements, which are included in ODA, grew faster than non-concessional disbursements in the late 1980s. 38/

69. A positive trend has been observed in the activity of regional development banks. During 1985-1990, they increased their net disbursements of concessional flows. For example, in 1990 the African Development Bank disbursed $603 million on concessional terms as compared to $210 million in 1985, and the Asian Development Bank $1,101 million as compared to $393 million. Net disbursements of concessional flows by all major financial institutions, including regional development banks, practically doubled after 1980, from $5.2 billion to $9.0 billion in 1991.

A. Official development assistance

70. During the second half of the past decade, there was a significant reduction in ODA from sources other than the members of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), such as the Organization of Petroleum Exporting Countries (OPEC), the economies in transition, especially the former Soviet Union, and some other donors (China and India). The increase of ODA from DAC members was not always large enough to offset fully the losses of ODA suffered by the developing countries which were the main recipients of aid from other sources.

71. The net flow of bilateral ODA (at current prices and exchange rates) to developing countries grew much faster than multilateral development assistance over the period 1970-1991. While the average annual growth rate of bilateral ODA was 7.8 per cent over the period, that of multilateral ODA was only 4.8 per cent. This led to a decline in the share of multilateral in favour of bilateral ODA in total ODA flows. The share of multilateral ODA in total ODA shrank from 33.6 per cent in 1980 to 27.2 per cent in 1991.

72. Since 1985, the share of the United Nations system (excluding the World Bank group) in overall net disbursements of concessional flows provided by multilateral organizations has been declining. It fell from 37.8 per cent in 1985 to 32.6 per cent in 1990. The average annual growth rate of

contributions from Governments and other sources to the operational activities of the World Bank group was 8.9 per cent during the period 1987-1991, while for the rest of the United Nations system the figure was 6.0 per cent. As a result, the resource base of UNDP and other United Nations specialized agencies has been eroded. UNDP, for instance, has been experiencing difficulties in meeting the originally established indicative planning figures for the fifth programme cycle owing to a reduction in anticipated contributions and the strengthening of the dollar vis-à-vis the currencies of other donors. UNDP programme planning is being carried out at the level of 75 per cent of planned targets. 39/

73. On the whole, since the end of the 1980s, the availability of concessional resources has become increasingly tight. Owing to the difficulties in some countries in Central and Eastern Europe, Africa, and those of the former Soviet Union, civil strife and wars in some other countries and regions, debt-overhang and persistent mass poverty, the need for development assistance has dramatically increased. However, there has been noticeable "aid fatigue" among the major donors as they have been trying to cope simultaneously with their growing international obligations and pressures from social groups demanding more attention to domestic problems caused by the recent widespread economic slowdown. These factors have affected the priorities chosen by bilateral donors and multilateral financial institutions, thereby generating some controversy between donors and recipients over the relative importance of mid- and long-term development priorities.

B. Changing priorities and responsibilities

74. There has been a perceptible shift in priorities within ODF. The largest share of ODF has been spent on debt relief and in support of structural adjustment efforts. Adjustment lending accounted for 28 per cent of IBRD/IDA commitments in fiscal 1991 and 27 per cent in fiscal 1992. 40/

75. The easing of the debt crisis and the end of the cold war produced considerable optimism. However, these positive developments did not remove the need to pursue fundamental and long-lasting structural changes and address the problems that were at the root of the debt crisis and the collapse of central planning. The persistence of mass poverty in developing countries and the recent mushrooming of ethnic and civil conflicts have generated international debate over the effectiveness of ODF in terms of improving human conditions. A new approach to poverty alleviation has been suggested and subsequently incorporated in the development strategy of multilateral and bilateral ODA agencies.

76. This new approach is based on the assumption that, while economic growth and market mechanisms are the main prerequisites for development, additional efforts should be made to combat poverty in the developing economies. In this context, HRD is seen as a means of alleviating poverty, through educating the poor and thus broadening their choice of economic opportunities.

77. The share of ODF resources provided for HRD in developing countries has grown over the period 1988 to 1991. The combined shares of education and health in total ODF commitments increased from 5 per cent in 1988 to 8 per cent in

1991. The share of technical cooperation, on the contrary, fell from 16 per cent to 11 per cent during the same period. 41/

78. The combined shares of education and health and population activities in ODA provided by DAC countries, however, has been decreasing: from 26.8 per cent in 1980 to 16.2 per cent in 1986 and 13.5 per cent in 1990. This was mainly because of the reduction in the share of ODA provided for health or population activities. 42/ A similar declining trend in ODA provided for health and population activities has been observed in the case of the multilateral institutions.

79. However, in 1990 some major development institutions, especially IBRD/IDA, took measures to increase their support for HRD. In the fiscal years from 1990 to 1992, World Bank educational lending doubled and reached an annual average of $1.9 billion. World Bank lending for primary health care, in contrast, decreased from 5.4 per cent of total Bank lending in 1991 to 3.6 per cent in fiscal 1992. 43/ The combined shares of education, health and population in the grant expenditures of the rest of the organizations of the United Nations system remained the same, 32 per cent on average, over the period 1989-1991. 44/

80. These general observations have to be treated with caution since ODA development, sectoral or anti-poverty programmes and projects, especially those carried out by multilateral institutions, health and population activities and training components have increased in many countries during the past years. These expenditures are counted as part of ODA spent on those projects, and are not categorized under education or health and population activities. 45/

81. The relative decline in multilateral ODA has caused some concern as bilateral ODA tends to be more heavily tied than multilateral ODA. 46/ Bilateral ODA is more easily influenced by local groups in the donor country that benefit from aid or by the donor's ideological and security motives, than in the case of multilateral ODA. 47/

82. Another concern has been the attachment of political conditions to ODA. These have not been applied uniformly over the past decades. Such selectivity erodes trust between countries, and undermines the effectiveness of international cooperation.

83. During the past years, a new trend in international relations has emerged: the separation of the responsibilities for the making and for the enactment of decisions. It appears that in many developing countries, the capacity of the national government to make and implement decisions has weakened. At the same time, major financial institutions and donors have acquired a profound role in determining recipient countries' budgets, social and economic policies, and, to some extent, political institutions. Several factors have been responsible for this phenomenon: (a) the increased dependence of many countries on external resources caused by structural changes in the world economy and the failure of past policies; (b) the growing vulnerability of many developing economies to external shocks due to the lack of diversity and low flexibility of their productive base; and (c) the current debt crisis, which reinforced their economic dependence.

84. However, responsibility for the results of policies continue to be borne by national governments. They are expected to honour the commitments to their domestic constituency that they made during the election campaign. Yet these domestic obligations often run into conflict with the donors' expectations, especially those which concern budgetary issues and affect wages, employment and incomes. This dilemma has had a paralysing effect on the government in some countries. In some countries whose governments attempted to pursue donors' policy recommendations without first ensuring broad social support, the resulting unpopularity of the policies has generated civil disturbances and the erosion of the political support for the government.

85. It is, then, essential that donors and international financial organizations take into consideration the social implications of their demands and attempt to broaden the content of structural adjustment programmes.

86. It is also important that national governments supplement their efforts to stabilize and restructure the national economy with more vigorous measures in order to improve the capability of the poor to utilize available economic opportunities and to provide a supportive environment for productive economic activity. The transparency of the government's intentions constitutes another critical condition of stability and social support for its policies.

87. Other implications of ODA have recently attracted the attention of the international community. In the area of HRD, the dependency of some governments on external funding and expertise has led to their virtually delegating managerial functions to donors, often in key HRD areas. 48/ Although a partial transfer could, in some specific cases, be justifiable at the initial stage of the programmes, making a routine of such a pattern of international cooperation runs against the overall concept of ODA and, in the long run, leads to the waste of resources. The main goal of international cooperation is to assist the poor countries in building up their own national capacity to manage the development process, not to substitute for the national government.

IV. OPERATIONAL ACTIVITIES OF THE UNITED NATIONS SYSTEM

88. The activities of the United Nations system directly and indirectly related to HRD are numerous. Beside HRD sectoral projects and programmes, such as education and health, practically all programmes in the economic and social field have a HRD component or objective, and particularly those dealing with the eradication of poverty, advancement of women, population, disadvantaged groups, sustainable development and environmental protection, human settlements and communal development. They subsequently require inter-agency cooperation. There is a growing body of evidence that this cooperation is a key element of national policies. Recent initiatives by UNDP to introduce a new style of human development assistance have been seen by many United Nations agencies as a useful broad human-centred conceptual framework that has improved inter-agency cooperation and coordination in the areas of HRD.

89. At present, the United Nations is in the process of reorganization and restructuring. A principal purpose of these efforts is to bring the United Nations more into harmony with the new global situation and to make it more effective and efficient in coping with problems of international concern.

90. A comprehensive policy review of the operational activities for development of the United Nations system takes place on a triennial basis; the last two reviews being in 1989 and 1992. The General Assembly resolutions coming from these reviews, 44/211 and 47/199, directed, inter alia, that reorganization efforts should entail a clearer division of labour among the United Nations institutions and result in more decentralization and enhanced field-level coordination, including harmonizing and simplifying rules and procedures in such areas as programme cycles, evaluation, monitoring and audit, and through strengthening the resident coordination system. The necessity of integrating more closely the operational activities of the United Nations system with national efforts is one of the key goals and is to be pursued through the country strategy notes, harmonized programme cycles, the programme approach and national execution.

91. In paragraph 47 of resolution 47/199 the General Assembly reaffirmed the importance of human development, including human resources development, and requested the United Nations system to strengthen the support given by its operational activities for development, at the request of recipient countries, to sectors vital to human development.

92. In order to make the United Nations system more responsive to the changing requirements of developing countries and more effective and efficient in implementing internationally established development-oriented strategies, a broad reform of programme management is necessary. 49/

93. A progress report on the implementation of General Assembly resolution 47/199 (E/1993/73) was presented to the Economic and Social Council at its 1993 substantive session 50/ and the Council adopted resolution 1993/7, which gives further impetus to achieving greater coherence of United Nations system operational activities for development. In view of the above, the present report limits itself only to a brief summary of the measures undertaken by the United Nations system in this respect.

A. Enhancing inter-agency coordination

94. In 1990, the Administrative Committee on Coordination (ACC) established guidelines on the strengthening of the resident coordinator system, which were reviewed as part of the comprehensive policy review in 1992 in accordance with General Assembly resolution 46/219. The guidelines were assessed in 1992, taking into account variations in country contexts and requirements, particularly countries with a large United Nations presence and funding; countries facing especially difficult circumstances and emergencies; countries involved in social and economic transition; and countries with a small, but "catalytic" United Nations system presence. The assessment concluded that further steps were needed to strengthen the resident coordinator system and underlined the necessity of a fully coordinated multidisciplinary approach to the provision of international support for recipient countries, while bearing in mind the complementarity of the United Nations agencies' activities and the need for a clearer division of the spheres of competence.

95. Subsequently, the General Assembly, in resolution 47/199 recommended, particularly, the strengthening of the resident coordinator system and, in

paragraph 40, called upon resident coordinators to take the necessary steps, when circumstances so justified, to establish, in consultation with host Governments, an appropriate field-level committee of all resident United Nations systems representatives which would serve as a United Nations coordinating mechanism in the countries concerned.

96. Moreover, to ensure the effective integration of assistance provided by the United Nations system into the development process and also to ensure greater inter-agency coordination and cooperation, the General Assembly decided that a country strategy note should be formulated by interested recipient Governments with the assistance of and in cooperation with the United Nations system, under the leadership of the resident coordinator, in all recipient countries where the Government so chooses. The country strategy note was regarded as a broad framework of the United Nations system response to recipient country plans and priorities to be used, inter alia, for the project and programme preparation of the respective United Nations organizations. The procedures of integrating and linking national priorities and international support are being worked out as well. 51/

97. The efforts at improving coordination will build on acquired experience and not lead to new organizational structures. Increases in the flow of information between all parts of the system is probably the most effective and efficient way to achieve coordination.

B. Improving the monitoring of activities

98. The measures being implemented in the area of monitoring the activities of the United Nations system include, as mentioned above, simplification and harmonization of procedures in programme evaluation, monitoring and audit.

99. Moreover, the Consultative Committee on Programme and Operational Questions (CCPOQ) of the Administrative Committee on Coordination (ACC) worked out a common interpretation of the programme approach 52/ and national execution 53/ of operational activities within the United Nations system.

100. The Inter-agency Working Group on Evaluation made progress in reaching agreement on compatible and harmonized evaluation methods within the member agencies, and refined the substance and techniques of evaluation within the system. This group produced a glossary of evaluation terms as well, and is currently concentrating on country programme monitoring and evaluation, the monitoring and evaluation of nationally executed projects and programmes, thematic and ex post evaluation and the strengthening of national capacity and training. Further steps to achieve the targets set out in Assembly resolution 47/199 are being taken.

101. The Joint Consultative Group of Policy Sub-Group on Structural Adjustment and Social Development developed a framework for field-level monitoring by the United Nations agencies of social aspects of the structural adjustment process.

102. A comprehensive handbook of social development monitoring was issued in 1993 by the former Department of Technical Cooperation for Development in order to harmonize the evaluation methods of the member countries. 54/

103. In paragraphs 33 and 34 of resolution 47/199, the General Assembly set deadlines for two of the outputs of the inter-agency coordination mechanisms. Agreement has to be reached by 1 July 1994 on a common United Nations system-wide manual for procedures relating to programme-component and project formulation, appraisal, implementation, monitoring and evaluation. By 1 January 1995, measures are to be in place to enhance accountability at the field level, including effective harmonized programme monitoring, evaluation and management audit systems. In its resolution 1993/7, the Economic and Social Council requested the Secretary-General to ensure that an effective methodology for evaluation of the programme approach, as called for in paragraph 13 of General Assembly resolution 47/199 was developed by June 1994.

V. CONCLUSION

104. Much of the reason for all this activity in the field of inter-agency coordination and the setting of tight deadlines was to ensure that reforms that have been decided upon by the General Assembly were put into effect. In resolution 47/199 the General Assembly was concerned that "the full and coordinated implementation of resolution 44/211 has not been achieved by the United Nations system" (second preambular paragraph) and that "many of the principles of that resolution have still to be implemented" (third preambular paragraph). Once these reforms take hold and the efficiency and effectiveness of operational activities are improved, then "it is hoped that the confidence of donors and recipients alike will grow" (E/1993/73, para. 20).

105. Considerable stress has been placed on working out mechanisms to evaluate the new approach. The approach to evaluation is complex, as many dimensions have to be taken into account in the new approach: (a) assessing the success of the implementation of the particular programme; (b) seeing how it contributed to building up national capacity in the area; and (c) the long-term and overall effects. The value of the United Nations system's contribution "will depend on its ability to provide a holistic response to national plans and priorities" (ibid., annex III, para. 4). Separating the contribution of the system from that of the other bodies is not as easy as when one body executes a particular project. Similarly, developing the national capacity for sustainable development cannot be easily measured: literacy rates might improve, but still the national capacity for development might not improve commensurately. For instance, adult literacy rates in many African countries are higher than those of India and Pakistan, and yet their present national capacities for development are generally considered to be smaller than those of the other two countries. Movements in indicators, such as life expectancy, literacy or income per head, that form the basis of the UNDP's Human Development Index give an idea of progress, but they can and sometimes do move in different directions. Experience has also shown that the results of human resource development can take some time before becoming visible: often only after a critical mass of talent has been built up in many different fields does a country "take off" into self-sustaining growth.

106. Agreement on the dimensions of the problems to be addressed itself facilitates coordination. For instance, the preparation of the country strategy notes would be greatly facilitated if there were agreement on the social indicators, as this would show which sectors should receive the greatest

priority. A system-wide standardization of social indicators is, then, important for the United Nations operational activities in the area of human development.

107. The formidable analytical and methodological challenges involved in evaluating the new approach do not detract from its value or call into question the correctness of its overall thrust. Rather, they call for patience and understanding, and for not expecting immediately visible results. This is a point that applies as much to donors as to recipients - who both want to see early results from their efforts. It applies with particular force at the present time when efforts in developing human resources for development undertaken by both national Governments and multilateral institutions have led to significant progress in many countries, but have not arrested the deterioration in a large number of other countries. Especially disturbing have been the trends in Africa, the economies in transition and several Latin American countries.

108. Reducing macroeconomic disequilibrium and continuous structural adjustment are prerequisites for long-term sustained economic growth and development in all countries. Such efforts should be facilitated by a favourable international economic environment. As the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries (Assembly resolution S-18/3, annex, of 1 May 1990), adopted at the eighteenth special session of the General Assembly pointed out:

> 22. The major industrialized countries influence world economic growth and the international economic environment profoundly. They should continue their efforts to promote sustained growth and to narrow imbalances in a manner than can benefit other countries. The co-ordination of macro-economic policies should take full account of the interests and concerns of all countries, particularly the developing countries ...
>
> 23. ... developing countries should continue to work towards keeping control over inflationary tendencies, promoting domestic savings, achieving favourable conditions for domestic and foreign investment, modernizing their economies and increasing their international competitiveness.
>
> 24. However, economic policies should have as their ultimate objective the betterment of the human condition and the enhancement of the contribution of all persons to development. The full utilization of human resources and the recognition of human rights stimulate creativity, innovation and initiative.
>
> 25. A primary objective must be to respond to the needs and maximize the potential of all members of society. ... The international community should support efforts to arrest the current escalation of extreme poverty and hunger. It is essential to reverse the present deterioration of this grave situation.

109. The integrated approach to HRD is thus not only the strategy of an increasing number of countries but has also been recognized as the key strategy by the international community.

110. As described above, even at the present time, the adverse effects of structural adjustment and stabilization programmes in some developing countries have not been adequately dealt with. Wage earners, the poor and the labour force employed at the parastatals appear to be mostly affected. The withdrawal of the poor from the use of education and health facilities due to the introduction of cost-sharing schemes may reinforce the trend towards their marginalization in some countries and increase the scale of social marginality. The reduction of employment opportunities in the urban areas due to the privatization of parastatals and the continuous economic recession may bring new social groups into the poverty trap.

111. In view of those trends, the following actions should be considered at the national level to offset the adverse effects of structural adjustment:

(a) The productive participation of all development agents should be encouraged by fiscal and institutional means at an early stage;

(b) National Governments should continue their efforts to improve the targeting of the most needy while reducing unproductive expenditures (such as military expenditures) and/or reorienting them towards social sectors;

(c) Consideration should be given, where appropriate, to allocating at least one fifth of additional aid to HRD, with a view to raising the proportion of total aid allocated to HRD;

(d) Serious measures should be taken to improve or to develop and install appropriate safety nets in most developing countries;

(e) The State should continue to operate in those areas where private development agents are reluctant to enter. However, clear market orientation of State enterprises has to be ensured in order to promote efficiency;

(f) The formulation of sectoral policies for HRD has to be undertaken in an integrated fashion and these policies should be incorporated in the national development plan or strategy;

(g) The institutional system dealing with HRD has to be rationalized through (a) establishing clear rules and principles for institutional interactions and (b) defining the functions, rights and obligations of the institutions and development agents;

(h) The structural causes of poverty have to be gradually removed. Governments have to identify which causes of poverty have to be addressed on a priority basis. However, the HRD component has to be integrated in any programme dealing with the alleviation of poverty. 55/

112. For many countries, the pursuit of these policies will be difficult, because of the continuing deterioration of their terms of trade, the necessity to meet external debt obligations and their limited production capability. For countries in this position, additional development assistance inflows will be crucial for sustaining HRD.

113. As regards the United Nations system, it appears that after many years of debates between the Bretton Woods institutions and the other organizations of the system, a consensus seems to be emerging on the priorities and principles of multilateral support for national efforts. The Bretton Woods institutions and other bodies, especially the International Labour Organisation, UNDP, the United Nations Educational, Scientific and Cultural Organization and the regional commissions have achieved much in clarifying the situation in developing countries and assessing the effects of structural adjustment programmes on the human condition. There is agreement that structural adjustment policies and programmes should be more aware of and sensitive to human conditions, and that in the long term the major priorities of international cooperation and development assistance have to be poverty alleviation and HRD in developing countries.

114. However, as noted above, funding for the United Nations bodies (excluding the World Bank group) may continue to encounter difficulties. This is especially the case with core contributions. Many United Nations bodies have been trying to meet donors' demands concerning the efficiency of their operations. But it appears that in some cases cost reductions were achieved mainly through cutting the costs of targeting the needy and, thus, at the expense of the overall effectiveness of their activities. It would probably be better for the bodies of the United Nations system to achieve a reduction of costs by reducing the number of projects and programmes they carried out than by sacrificing the effectiveness of their operational activities. Greater focusing of the activities may also help to make them more effective. Two areas of critical importance seem to be most in need of attention in many developing countries and economies in transition: institution-building and institutional environment.

115. Certain problems that have developed in the past years owing to inappropriate approaches, such as, for example, the externalization of HRD management in some developing countries, have to be corrected. The relevant United Nations bodies have to review and reorient their programmes in those countries and to assist them in building up their own managerial capacity.

116. For the United Nations system as a whole, any activity has to be measured by its effect on development, peace and stability in recipient countries. The international community is still in the process of developing a system of common values. In many respects, this process is conditioned by the diversity of the existing cultures and social organizations. The United Nations bodies can and must contribute to improving communication between countries, assist in forming effective and mutually beneficial collective policies to address development problems, and mobilize wider global support for international cooperation. The implementation of the present international commitments to eradicate poverty and to assist the developing countries in improving their human resources/human capital and finally their human conditions requires the success of international solidarity and effective and efficient international instruments.

117. It is apparent that the effectiveness and efficiency of multilateral assistance and international cooperation have been, in many ways, affected by the degree of consistency and cooperative spirit of the donor countries and by their true readiness to eliminate the real roots of the pressing global problems. The recent shift towards bilateral ties is in some respects a

disturbing sign. This trend may reinforce the fragmentation of the international community, increase the unevenness and asymmetry of global social progress and undermine the effectiveness of collective efforts to reverse negative developments. The reasons for the "aid fatigue" that has been evident in a number of donor countries have to be re-examined in the light of the uncertainties in international relations, the new determination of developing countries to adopt policies that will result in high quality growth and the tremendous capacity that exists for making major improvements in the current situation with the commitment of relatively small resources.

118. The United Nations system together with the developing and donor countries needs to set a clear course based on a strategic vision of development into the next century that should emphasize betterment of the human condition, including environmental sustainability and participation of all groups and countries in the process and in the fruits of development. This implies a considerable reorientation of national policies in all countries and a reordering of priorities of multilateral and bilateral cooperation. The role of the United Nations system in bringing the required changes about can be critical. It serves both as a forum for consensus building and an instrument for giving practical shape to internationally agreed policies. In human resource development, for example, it can facilitate consensus on clearly defined goals and targets that can then be pursued both at the national and international levels through well coordinated and integrated policy approaches.

119. A recommitment to multilateralism is, however, essential for the changes suggested above. The capacity of the United Nation system to cope successfully with global problems can and must be improved. This will involve much smaller costs than those which the world will otherwise have to bear if global problems - especially lack of development and economic inequities - continue to grow. Mushrooming social and ethnic conflicts are an early symptom of much more serious troubles in the future. The United Nations system has to become an instrument for collective action to prevent serious conflict as the founders of the Organization envisaged.

Table. Contributions from Governments and other sources for operational activities of the United Nations system: overview, 1987-1991

(Millions of dollars)

		1987	1988	1989	1990	1991
	Contributions to United Nations funds and programmes					
1.	Contributions to UNDP a/	1 024.9	1 070.8	1 075.2	1 192.9	1 242.0
2.	Contributions to UNDP administered funds and trust funds b/	100.9	131.1	129.9	128.5	103.3
	Subtotal (1-2)	1 125.8	1 201.9	1 205.1	1 321.4	1 245.3
3.	Contributions to UNFPA c/	175.0	195.8	203.7	227.8	272.6
4.	Contributions to UNICEF d/	547.5	676.8	635.8	785.7	781.6
5.	Contributions to other United Nations funds and programmes e/	29.4	43.8	35.7	66.8	62.3
6.	Contributions to WFP f/	832.1	981.3	1 064.6	1 029.1	1 404.6
	Subtotal (1-6)					
	Contributions for operational activities of specialized agencies					
7.	Assessed contributions to regular budgets g/	320.4	271.9	246.2	216.5	272.1
8.	Extrabudgetary contributions	415.9	536.9	537.1	604.9	676.2
	Subtotal (7-8)	736.3	808.8	783.3	821.4	948.3
	Total (1-8)	3 446.1	3 908.4	3 928.2	4 252.2	4 814.7
	Contributions to IFAD and the World Bank group					
9.	Contributions to IFAD	302.1	261.6	77.5	129.0	194.6
10.	Contributions to IDA	2 914.6	3 322.4	3 737.4	3 478.6	4 850.1
	Subtotal (9-10)	3 216.7	3 584.0	3 814.9	3 607.6	5 044.7
11.	Capital subscription payments to IBRD	319.6	747.9	712.0	511.6	118.3
12.	Capital subscription payments to IFC	114.5	117.5	80.7	167.1	74.2
	Subtotal (11-12)	434.1	865.4	792.7	678.7	191.5
	Total (9-12)	3 650.8	4 449.4	4 607.6	4 286.3	5 237.2
Grand total		7 096.0	8 357.8	8 535.8	8 538.5	10 051.9

Source: "Operational activities for development. Comprehensive statistical data on operational activities for development for the year 1991". Note by the Secretary-General (A/47/419/Add.2), table A-1, p. 16.

(Footnotes on following page)

(Footnotes to table)

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a/ Including cost-sharing and government cash counterpart contributions, and contributions to Special Measures Fund for Least Developed Countries.

b/ Including the Capital Development Fund, the Special Fund for Land-Locked Developing Countries, the Revolving Fund for Natural Resources Exploration, the Fund for United Nations Volunteers, the United Nations Fund for Science and Technology for Development, the United Nations Development Fund for Women and the Trust Fund for Sudano-Sahelian Activities; and other funds, accounts and trust funds of UNDP.

c/ Including contributions to trust funds and "special population programmes" of UNFPA.

d/ Including net profit from sale of greeting cards.

e/ Constitutes regular budget and extrabudgetary contributions, including government self-supporting contributions, in relation to the United Nations, and its regional commissions, UNCHS, UNCTC and UNCTAD.

f/ Including contributions to the International Emergency Food Reserves and extrabudgetary contributions.

g/ I.e., the imputed share of regular budget financing of technical cooperation expenditures in relation to the distribution of assessments among Member States.

Notes

1/ "Human Development in the 1980s and Beyond", Journal of Development Planning, vol. 19 (United Nations publication, Sales No. E.89.II.A.2).

2/ United Nations publication, Sales No. E.90.II.C.1 and corrigendum.

3/ United Nations publication, Sales No. E.93.IV.2.

4/ The integrated HRD concept focuses on public sector policies as they relate to individual human development. Following on from work by the regional commissions, particularly ESCAP with the Jakarta Plan of Action and ECA with the HRD Framework for Africa, this concept was proposed by UNDP, OIC and UNESCO at the 1991 Rabat Meeting on HRD in a paper entitled "Intersectoral Approaches to Human Resources Development for the 1990s and Beyond".

5/ This decline in quality can be attributed partly to problems of management, lack of technological innovation, centralization and the increased size of the respective programmes. However, increasing budgetary constraints in many countries are also part of the explanation.

6/ Such programmes were initiated in Brazil, the Philippines, Venezuela, Brazil and some other countries.

7/ See WHO/UNDP/Ford Foundation/Edna McConnel Clark Foundation/ James S. McDonnel Foundation, Partnership for Child Development (London, Scientific Coordinating Centre of the Partnership for Child Development, Imperial College, 1992).

8/ Some countries - Gambia, Honduras, Indonesia, the Federated States of Micronesia, the Philippines and the United Republic of Tanzania - have launched nutrition programmes for women aimed at changing the patterns of the production, preparation and distribution of food within the household. These efforts had positive effects in some countries, resulting in the better nutritional status of children and lower infant mortality (Joy Miller Del Rosso, Investing in Nutrition with the World Bank Assistance, 1992, p. 5).

9/ See "International cooperation for the eradication of poverty in developing countries", report by the Secretary-General (A/46/454), and "Developing human resources for development", report of the Secretary-General (A/46/461). Deinstitutionalized people can be defined as those whose lives are largely conducted outside the formal institutions.

10/ See ECLAC/UNESCO, Education and Knowledge: Basic Pillars of Changing Production Patterns with Social Equity (United Nations publication, Sales No. E.92.II.G.6).

11/ The Escuela Nueva is managed locally and involves communities and families in school activities and maintenance. It employs a new curriculum, flexible grade system and innovative teaching methods. Among the latter is a new type of modular self-training text for students, which stimulates the students' self-learning. The teachers' skills and knowledge are upgraded on a regular basis at "microcentres". The teaching personnel participating in this programme demonstrated a more positive attitude towards their work and a better

understanding of the needs of their students than did teachers in conventional schools. The Escuela Nueva experiment has raised the quality of primary education even in the remotest rural areas for relatively modest increases in the cost per student (Marlaine E. Lockheed, Adrian M. Verspoor and associates, Improving Primary Education in Developing Countries, (Washington, D.C., World Bank Publication, 1991), p. 161).

12/ One example of a training system that combines traditional on-the-job apprenticeship training with formal study is the National Open Apprenticeship Scheme in Nigeria, under which the employer provides training and the trainee works for a lower wage. Many Nigerian parastatals and private enterprises have participated in this experiment. A similar project was launched in Togo where regional vocational training centres were established to boost apprenticeship. The success of both experiments proved that there is a potential for cost-sharing and demand-oriented training in developing countries (Sub-Saharan Africa: From Crisis to Sustainable Growth, (Washington, D.C., The World Bank, 1989), p. 83).

13/ See ECLAC/UNESCO, Education and Knowledge: Basic Pillars of Changing Production Patterns with Social Equity, pp. 139-140.

14/ This was the case, for instance, with the Jomo Kenyatta University College of Agriculture and Technology in Kenya (see William S. Saint, Universities in Africa. Strategies for Stabilization and Revitalization, (Washington, D.C., World Bank Technical Report No. 194, 1992), p. 56).

15/ One example of a successful approach to the problem of the social isolation of the indigenous population is Ecuador's MACAC educational model aimed at the Quechua-speaking population. The model was designed to meet two requirements: to integrate the Quechua-speaking population into the mainstream of society, and to recapture its cultural and social values, allowing individuals to recover and affirm their identity and knowledge. Courses were taught in Quechua, the indigenous language, while Spanish was taught as a second language. The model became part of the Ecuador's National Development Plan and was extended to other regions of the country (ECLAC/UNESCO, Education and Knowledge: Basic Pillars of Changing Production Patterns with Social Equity, p. 154).

16/ For example, the Bangladesh Rural Advancement Committee sponsored a new programme aimed at reaching as many girls as possible, using innovative means, including a satellite school programme. Also, a Women in Development Unit was created in the National Curriculum and Textbook Board. Finally, Bangladesh has expanded female education scholarships (The Dividends of Learning (Washington, D.C., The World Bank, 1991), p. 22).

17/ 1993 Human Development Report, (New York, Oxford University Press, 1993).

18/ For instance, in Peru, the delivery of medical services to the inhabitants of Villa El Salvador, a self-governing community of urban poor, is carried out through different structures, among which the most important are 35 primary-level health care modules. These modules provide primary health care services and target the infant-mother group. The providers are mainly local and foreign NGOs. They furnish medical personnel, while the local Ministry of

Health supplies all the vaccines. Despite some difficulties associated with the lack of appropriate facilities, the heavy workload of the medical personnel, a meagre budget, and a diversity in approach to health care among the participants, the Villa El Salvador experiment with modules on a participatory basis proved to be rather successful. It represents a cost- and health-effective option for coping with the health care problems of the population of urban slums (Carmelo Mesa-Lago, Health Care for the Poor in Latin America and the Caribbean, PAHO Scientific Publication No. 539, Inter-American Foundation, 1992, pp. 147-148).

19/ This approach was attempted in Ceara, one of the poorest states of Brazil, and the health situation there improved significantly. The infant mortality rate decreased by nearly one third despite the economic austerity at that time. At present, the Brazilian Government intends to extend the scheme to other states (see UNICEF, Status of the World Children, New York, 1992).

20/ The Costa Rican Social Security Fund developed three programmes with the private sector: enterprise physicians, mixed medicine and health cooperatives. The first two programmes do not benefit the poor directly, but they strengthen the financial base of the Fund and allow it to maintain free health care for the poor. The health cooperative, however, is obliged to provide disease-preventive, curative and diagnostic services and antiparasitical treatment to the poor in exchange for medical facilities and equipment plus monthly sums per user from the Fund (Carmelo Mesa-Lago, Health Care for the Poor in Latin America and the Caribbean, p. 206).

21/ These countries included, among others, Benin, Ghana, Guinea-Bissau, the Lao People's Democratic Republic, Poland and the Russian Federation.

22/ WHO, Report of the Director-General, "Implementation of the global strategy for health for all by the Year 2000, second evaluation; and eighth report on the world health situation" (WHA.45.3), p. 86.

23/ Richard Jolly, "Adjustment with a human face: a UNICEF record and perspective on the 1980s", World Development, vol. 19, No. 12 (1991), pp. 1,807-1,821.

24/ See Report on the World Social Situation 1993 (United Nations publication, Sales No. E.93.IV.2), chap. X.

25/ For a detailed analysis of recent economic conditions, see World Economic Survey 1993 (United Nations publication, Sales No. E.93.II.C.1).

26/ Ibid., table IV.1, p. 93.

27/ "Dilemmas of macroeconomic management: stabilization and adjustment in developing countries", Supplement to the World Economic Survey 1990-1991 (United Nations publication, Sales No. E.92.II.C.2).

28/ Devaluations themselves were partly caused by the lack of external financing and declining real prices of primary commodities. International interest rates have been falling since 1991, which may provide some relief for countries holding debt with commercial creditors. In the late 1980s, debt reduction was a component of many debt renegotiation agreements with commercial

banks. Unfortunately, debt reduction agreements do not seem to have significantly altered the expected cash-flow associated with the debt (see World Economic Survey 1993, chap. VI).

29/ For developing countries as a whole, expenditure on interest payments increased from 2.0 to 3.9 per cent of GDP between 1979-1981 and 1987-1989. Expenditure on education increased from 3.0 to 3.1 per cent over the same period, and on health it remained at 1.3 per cent (Department of Economic and Social Information and Policy Analysis of the United Nations Secretariat based on IMF, UNDP and World Bank data).

30/ Education expenditures per capita were cut by at least 20 per cent in real terms in Argentina, Chile, Costa Rica, El Salvador, Mexico and Paraguay. Latin America's performance is very much influenced by Brazil, which increased substantially health and education expenditures on a per capita basis towards the end of the decade.

31/ This was the case in Argentina, Costa Rica, El Salvador, Mexico and Paraguay.

32/ This may be the case for Botswana, Burundi, Cameroon and Ethiopia, where at least 15 per cent of ODA received was earmarked for social expenditures. On the other hand, in Egypt, Kenya, Nigeria and Somalia, among other countries, the share of ODA allocated to health and education was also significant, but not enough to produce an increase of these expenditures on a per capita basis.

33/ See Report on the World Social Situation 1993.

34/ This phenomenon was registered in Barbados, Bolivia, Brazil, the Dominican Republic, Guyana, Jamaica, Mexico, Peru and Uruguay (see G. A. Cornia, "Investing in human resources: health, nutrition and development for the 1990s", Journal of Development Planning, No. 19 (1989), pp. 159-188).

35/ Official development finance (ODF) includes official development assistance (ODA), less-concessional multilateral flows and certain bilateral flows (OECD, Development Co-operation, 1992 Report (Paris, 1992), p. 80).

36/ OECD, "Financial resources for developing countries: 1992 and recent trends" Press Release (SG/PRESS(93)41), July 1993, p. 17.

37/ OECD, Development Co-operation ..., p. 80.

38/ In current terms, multilateral ODA disbursements increased from $8 billion in 1985 to $17 billion in 1992, and other multilateral disbursements from $7.6 to $8.0 billion over the same period (OECD, Press Release, p. 17).

39/ See United Nations, Governing Council of the United Nations Development Programme, Financial, Budgetary and Administrative Matters, Annual Review of the Financial Situation, 1992, "Net flow of contributions by donor and recipient Governments", Report of the Administrator (DP/1993/44/Add.1).

40/ World Bank, Annual Report 1992 (Washington, D.C., 1992), pp. 19-20.

41/ OECD, Geographical Distribution of Financial Flows to Developing Countries. Disbursements, Commitments, Economic Indicators, 1988/1991 (Paris, 1993), p. 315.

42/ OECD, Development Co-operation, 1989 Report (Paris, 1989), table 28, p. 233, and 1992 Report (Paris, 1992), table 30, p. A-41.

43/ World Bank, Annual Report 1992 (Washington, D.C., 1992), p. 51.

44/ See "Comprehensive statistical data on operational activities for development for the years 1988 and 1989", note by the Secretary-General (A/46/206/Add.1) and "Comprehensive statistical data on operational activities for development for the year 1991", note by the Secretary-General (A/47/419/Add.2).

45/ "Implementation of the Declaration on Social Progress and Development", Report on the World Social Situation 1993 (United Nations publication, Sales No. E.93.IV.2), annex, pp. 219-224.

46/ However, the share of tied ODA in overall bilateral ODA from DAC members has decreased from 26.7 per cent in 1987 to 23.5 per cent in 1990 (OECD, Development Co-operation, 1992 Report (Paris, 1992), table 6, p. A-15; and 1989 Report (Paris, 1989), table 5, p. 209)

47/ For an analysis of problems with tied aid see C. J. Jepma, "The impact of untying aid of the European Community countries", World Development, vol. 16, No. 7 (1988), pp. 797-805; Manfred Holthus and Dietriech Kebschull, "The effects of tied and untied development loans", INTERECONOMICS (May/June 1985), pp. 130-135.

48/ J. E. S. Lawrence, Occupational Information and International Development: Improving HRD Diagnostics, National Occupational Information Coordinating Committee Occasional Paper/1, December 1990, pp. 8-9.

49/ See "Enhancing international cooperation for development: the role of the United Nations system", report of the Secretary-General (E/1992/82/Add.1).

50/ See also "Progress achieved and obstacles encountered in implementing the social development goals and objectives of the International Development Strategy for the Fourth United Nations Development Decade", report of the Secretary-General (E/1993/5) and "Annual overview report of the Administrative Committee on Coordination for 1992" (E/1993/81).

51/ The guidelines of the Consultative Committee on Programme and Operational Questions (CCPOQ) for the implementation of the country strategy note in countries that choose to adopt this approach are given in E/1993/73, annex II.

52/ The text agreed to by CCPOQ relating to the promotion of the programme approach is reproduced in E/1993/73, annex III, section A.

53/ The text of the common framework for national execution and implementation arrangements that was agreed at the March 1993 meeting of CCPOQ is reproduced in E/1993/17, annex IV.

54/ "Social monitoring of adjustment processes for economic management" (TCD/SEM.92/10).

55/ More precise policy recommendations may be found in the following publications: World Bank, 1990 and 1993 World Development Report (Washington, D.C., 1990 and 1993); UNDP, Human Development Report, 1990-1993, (New York, Oxford University Press); IFAD, The State of World Rural Poverty, (New York, New York University Press, 1992); UNICEF, Children and the Transition to the Market Economy, eds., Giovanni Andrea Cornia and Sandor Sipos, (Brookfield USA, Avebury, 1991); and some other UNICEF country and regional studies.

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INTERNATIONAL COOPERATION IN THE PEACEFUL USES OF OUTER SPACE

Implementation of the recommendations of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space

Report of the Secretary-General

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I. INTRODUCTION

1. The General Assembly, in its resolution 47/67 of 14 December 1992, requested the Secretary-General to report to the Assembly at its forty-eighth session on the implementation of the recommendations of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space (UNISPACE 82). 1/

2. In response to that request, the present report provides information on the progress made in the implementation of the recommendations of the Conference.

3. The Committee on the Peaceful Uses of Outer Space, its Scientific and Technical Subcommittee and the Working Group of the Whole to Evaluate the Implementation of the Recommendations of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space considered the question of the implementation of the recommendations of the Conference during their 1993 sessions. Accordingly, the information contained in the present report reflects primarily the result of the work of the Committee, whose report 2/ is also before the General Assembly.

II. WORKING GROUP OF THE WHOLE TO EVALUATE THE IMPLEMENTATION OF THE RECOMMENDATIONS OF THE SECOND UNITED NATIONS CONFERENCE ON THE EXPLORATION AND PEACEFUL USES OF OUTER SPACE

4. The Working Group of the Whole was reconvened by the Scientific and Technical Subcommittee at its 1993 session in accordance with General Assembly resolution 47/67 to continue its work.

5. At its 1993 session, the Committee endorsed the recommendations of the Working Group of the Whole as contained in its report (A/AC.105/543, annex II) and recommended that the Working Group be reconvened in 1994 to continue its work.

III. INTER-AGENCY COOPERATION

6. In paragraph 18 of its resolution 47/67, the General Assembly requested all organs, organizations and bodies of the United Nations system and other intergovernmental organizations working in the field of outer space or on space-related matters to cooperate in the implementation of the recommendations of the Conference. In that connection, the Committee noted with appreciation the participation in all stages of its work and that of its Scientific and Technical Subcommittee by representatives of United Nations bodies, the specialized agencies and other international organizations.

7. Several United Nations bodies and specialized agencies have extensive space-related programmes that are contributing to the implementation of the recommendations of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space, particularly the United Nations Environment Programme (UNEP), the Food and Agriculture Organization of the United

Nations (FAO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the International Telecommunication Union (ITU), the World Meteorological Organization (WMO), the International Maritime Organization (IMO) and the United Nations Industrial Development Organization (UNIDO). Details of these programmes can be found in the yearly reports of the Secretary-General on coordination of outer space activities within the United Nations system. The latest report (A/AC.105/524) contains an overview of the agencies' work programmes for 1993 and 1994.

8. The programmes and projects of the organizations of the United Nations system are coordinated at annual inter-agency meetings. The fifteenth session of the Inter-Agency Meeting on Outer Space Activities is scheduled to be held in October 1993 at ITU headquarters in Geneva.

IV. STUDIES

9. In response to the requests of the Working Group of the Whole at its sixth session, the Secretariat prepared and submitted to the Scientific and Technical Subcommittee at its thirtieth session, in 1993, the following reports and studies: "International cooperation in the peaceful uses of outer space - activities of Member States" (A/AC.105/523 and Add.1), "Applications of space technology for ocean resources development" (A/AC.105/535) and "Applications of space technology for remote and rural communications and broadcasting" (A/AC.105/536).

10. The Committee on the Peaceful Uses of Outer Space, in endorsing the recommendations of the Working Group of the Whole at its seventh session, noted that they called for the preparation of further studies and reports of relevance to the recommendations of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space.

11. In addition, and in accordance with the recommendations of the Working Group, the Secretariat will also be preparing for submission to the Subcommittee at its 1994 session the following reports and studies: reports from Member States containing information on their national and cooperative international space activities, on their space activities subject to greater international cooperation, on their resources and technological capabilities in the fields of space activities for the promotion of cooperation in the peaceful uses of outer space, on safety of nuclear power sources (NPS), on NPS-debris collisions and on their national research on space debris; as well as technical studies prepared by the Secretariat on the use of low-Earth-orbiting satellites for communications, forest resources management, space applications for sustainable development and satellite-based radio broadcasting services (see also sect. VI below).

V. UNITED NATIONS PROGRAMME ON SPACE APPLICATIONS

12. In paragraph 7 of its resolution 37/90 of 10 December 1982, the General Assembly endorsed the recommendations of the Conference that the United Nations Programme on Space Applications should be directed towards seven specific objectives. The activities conducted in 1992 by the Programme and the plans for

the period 1993/94 to meet those objectives are contained in the report of the United Nations Expert on Space Applications (A/AC.105/533).

A. Training courses/workshops/conferences/symposia

13. Part of the activities carried out or planned under the Programme in 1993, in cooperation with other United Nations bodies, include the following training courses, seminars and workshops: a United Nations/European Space Agency (ESA) Training Course for African Francophone Countries on Applications of the European Remote Sensing Satellite (ERS-1) for Natural Resources, Renewable Energy and the Environment; the Third United Nations/Sweden Training Course on Remote Sensing Education for Educators, co-sponsored by the Government of Sweden; the United Nations Workshop on Space Communications for Development, co-sponsored by the Government of Greece; the United Nations Regional Conference on Space Science and Technology, co-sponsored by the Government of Indonesia; the United Nations/Office of the United Nations Disaster Relief Coordinator (UNDRO)/ESA Workshop on Applications of Space Technology to Combat Natural Disasters, co-sponsored by the Government of Mexico and ESA; the United Nations Regional Conference on Space Technology for Sustainable Development in Africa, organized in cooperation with the Government of Senegal; the Fifth United Nations Training Course on Remote Sensing Applications to Geological Sciences, co-sponsored by the Government of Germany, ESA and the Carl Duisberg Society; the United Nations/International Astronautical Federation (IAF)/ESA Symposium on Organizing Space Activities in Developing Countries: Resources and Mechanisms, co-sponsored by the Government of Austria, IAF, ESA and the Commission of the European Communities; the United Nations Workshop on Basic Space Science, co-sponsored by the Government of Nigeria and ESA; and the United Nations Workshop on the Use of Space Techniques for Monitoring and Control of the Desert Environment, co-sponsored by the Government of the Syrian Arab Republic.

14. In 1994, the following training courses, seminars, conferences and workshops are planned:

(a) The Fifth United Nations/Carl Duisberg Society/ESA Regional Training Course on Remote Sensing Applications to Geological Sciences, focusing on natural sources protection, organized in cooperation with the Government of Nepal, to be held at Lima, Peru;

(b) The Fourth United Nations/Sweden International Training Course on Remote Sensing Education for Educators, to be organized in cooperation with the Government of Sweden, to be held at Stockholm and Kiruna;

(c) A United Nations Microwave Remote Sensing Workshop, to be organized in cooperation with the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Government of China, and held at Beijing;

(d) A United Nations/UNDRO Regional Workshop on Space Technology to Combat Natural Disaster for the Benefit of Member States in the ECA region, organized in cooperation with the Government of Zimbabwe, to be held at Harare;

(e) A United Nations International Workshop on Basic Space Science in Development Programmes, organized in cooperation with the Government of Egypt, to be held at Cairo;

(f) A United Nations International Workshop on the Development and Design of Small Experimental Payloads, organized in cooperation with the Government of Spain, to be held at Madrid.

B. Development of indigenous capability

15. In accordance with both the recommendation of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space concerning the development of indigenous capabilities and resolution 47/67, in which the Assembly considered it particularly urgent that the United Nations should support the creation of adequate training centres at the regional level, the Secretariat has continued its efforts, undertaken as part of the United Nations Programme on Space Applications, to establish regional centres for space science and technology education in existing national or regional educational institutions in developing countries. The Secretariat has published an updated project document entitled "Centres for Space Science and Technology Education" (A/AC.105/534), which itemizes and summarizes, among other things, the activities which will be undertaken by these regional centres. In addition, it is also continuing consultations with regional commissions and the countries that have expressed interest in hosting such centres, as well as its discussions with Member States, United Nations Development Programme (UNDP) and other regional and international funding institutions on the question of the funding for the establishment of these centres.

16. The following countries have offered to host a centre in their respective region:

(a) In Africa: Ghana, Kenya, Morocco, Nigeria, Senegal and Zimbabwe;

(b) In Asia: China, India, the Islamic Republic of Iran, Malaysia, Pakistan, Sri Lanka and Thailand;

(c) In Latin America: Argentina, Brazil, Chile and Mexico;

(d) In the Middle East: Jordan, the Syrian Arab Republic and the United Arab Emirates;

(e) In Europe: Greece.

17. The Committee noted that an evaluation mission to Latin America and the Caribbean had been undertaken in 1992 with the participation of technical experts from Canada and Spain. A similar evaluation mission to potential host countries for a centre in Africa was undertaken in May 1993 with experts from France and Germany. Further evaluation missions to the Islamic Republic of Iran and the Economic and Social Commission for Western Asia (ESCWA) region will also be carried out in 1993, and to the countries of the Asian region, in early 1994.

C. Technical advisory services

18. In paragraph 7 (g) of its resolution 37/90, the General Assembly decided that the United Nations Programme on Space Applications should, upon request by Member States or any of the specialized agencies, be directed towards the provision or arrangements for provision of technical advisory services on space applications projects. With regard to that mandate, the Programme has provided or is providing assistance in the following areas:

(a) In collaboration with ESA, on a survey and selection of projects to receive remote-sensing data made available by ESA to African countries covered by ESA's two remote-sensing ground receiving stations, at Maspalomas, Spain, and Fucino, Italy;

(b) To the Government of Ecuador, in promoting regional cooperation, administration and funding of the ground receiving station at Cotopaxi, Ecuador (see sect. V.E below);

(c) To the Government of Chile, in the preparation of the Second Space Conference of the Americas;

(d) In cooperation with the Government of Nigeria, in organizing a seminar on space science and technology;

(e) In cooperation with the Government of the Islamic Republic of Iran, in a seminar on remote sensing of the environment and space applications;

(f) To the Government of the Republic of Korea, in the establishment of the Asia-Pacific Satellite Communications Conference;

(g) In cooperation with the Indian Ocean Marine Affairs Cooperation (IOMAC) in a programme on the development of remote sensing projects for coastal zone management and monitoring.

D. Long-term fellowships

19. In promoting the development of indigenous capability, the Programme will award 17 long-term fellowships for the in-depth training of participants from developing countries in the areas of research and applications in remote-sensing technology; research and training in geodesy, photogrammetry and remote sensing; space antennas and propagation; communications systems; remote sensing information systems; satellite meteorology; and remote sensing instrumentation. The following have renewed their offer of fellowships for the 1993-1994 period: the Governments of Brazil (10) and China (2), and ESA (5). The Government of Greece has also offered fellowships for 1993-1994.

E. Regional mechanisms of cooperation

20. In pursuance of General Assembly resolution 47/67, the Secretariat continued its efforts to strengthen the regional mechanisms of cooperation in carrying out various activities in the implementation of the recommendations of

the Conference, in particular those relating to the Programme on Space Applications.

21. In 1993, the Programme carried on, as it had in 1992, its close cooperation with the Government of Ecuador to promote cooperation between Ecuador and all the countries that are within the foot-print of the Cotopaxi Ground Receiving Station. Following consultations between satellite operators, data distributors and ground receiving station builders, a technical mission (1-9 March 1993) was undertaken to Colombia, Ecuador, Peru and Venezuela to assess the level of interest and expected commitments of Member States within the coverage area of the Cotopaxi Ground Receiving Station in order to determine the availability of support for the Station's continuous operation as a regional station. The mission concluded that the atmosphere in which a regional entity could be established to operate all aspects of the Cotopaxi Ground Receiving Station was currently very positive. Such cooperation should witness an agreement between all of these countries and ensure the continuous operation of the Cotopaxi Station, as well as the acquisition and delivery of data to those countries.

22. The establishment of regional centres for space science and technology education, the primary goal of which is to enhance the academic and professional capabilities as well as the technical infrastructure in space science and technology in the institutions in each region, is also viewed as being very much a part of the Secretariat's effort to strengthen regional mechanisms of cooperation (see sect. V.B above).

VI. INTERNATIONAL SPACE INFORMATION SERVICE

23. In paragraph 8 of its resolution 37/90, the General Assembly decided to establish an International Space Information Service, consisting initially of a directory of sources of information and data services to provide direction, upon request, to accessible data banks and information sources. With regard to that mandate, the International Space Information Service published Highlights in Space (A/AC.105/522), based on annual reports prepared by the Committee on Space Research (COSPAR) and the International Astronautical Federation (IAF); the fourth volume of Seminars of the United Nations Programme on Space Applications (A/AC.105/532), containing selected papers from the seminars, workshops and training courses of the Programme in 1992; Planetarium: A Challenge for Educators, based on the experience of people in the establishment and development of existing planetariums; and the third edition of the Directory on Education, Training, Research and Fellowship Opportunities in Space Science and Technology and its Applications (A/AC.105/548), listing institutions and the educational and research programmes offered, the facilities available, the prerequisite qualifications, financial information, fellowship opportunities and opportunities for international cooperation.

VII. VOLUNTARY CONTRIBUTIONS

24. In paragraph 10 of its resolution 37/90, the General Assembly appealed to all Governments to make voluntary contributions, either in money or in kind, towards carrying out the recommendations of the Conference. In his note verbale dated 11 March 1983, the Secretary-General brought that paragraph to the

attention of Member States, particularly with respect to the newly mandated and expanded activities of the United Nations Programme on Space Applications. Member States and intergovernmental organizations which have responded to this appeal since the forty-seventh session of the General Assembly have been mentioned under appropriate headings in the report of the Committee on the Peaceful Uses of Outer Space. 2/

25. The Committee took note of the disappointment expressed by the developing countries at the lack of financial resources to implement fully the recommendations of the Conference. It noted also that the Special Political Committee* of the General Assembly had acceded to its request that the General Assembly make an adequate budgetary allocation for the Programme, and that the Chairman of the Special Political Committee had conveyed that decision in a letter to the Chairman of the Fifth Committee of the General Assembly (A/C.5/47/51). On the recommendation of the Fifth Committee, the General Assembly, in resolution 47/219 of 23 December 1992, took note of the letter from the Chairman of the Special Political Committee. The Committee on the Peaceful Uses of Outer Space, at its 1993 session, expressed its hopes that "those recommendations and actions would be reflected in an adequate budget allocation for the Programme on Space Applications in the 1994-1995 budget." 3/

VIII. THIRD UNITED NATIONS CONFERENCE ON THE EXPLORATION AND PEACEFUL USES OF OUTER SPACE

26. In accordance with General Assembly resolution 47/67, the Committee on the Peaceful Uses of Outer Space and its Scientific and Technical Subcommittee continued at their 1993 sessions the discussion of the possibility of holding a third UNISPACE Conference in the near future, possibly in 1995, and preferably to be held in a developing country. In its report, the Committee requested the Scientific and Technical Subcommittee to review this matter further at its 1994 session, with a view to promoting an early conclusion. In particular, the Committee noted that the most important step was to define a set of sharply focused objectives for such a Conference, and that details such as organization, venue, timing and funding aspects should also be considered. The Committee also took note of the proposal made by the Government of India, as a developing country, to host a third UNISPACE conference at its Space Centre in Bangalore.

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* Beginning with the forty-eighth session of the General Assembly, the Special Political Committee and the Fourth Committee were merged, to form the Special Political and Decolonization Committee (Fourth Committee) (General Assembly resolution 47/233 of 17 August 1993).

Notes

1/ See Report of the Second United Nations Conference on the Exploration and Peaceful Uses of Outer Space, Vienna, 9-21 August 1982 (A/CONF.101/10 and Corr.1 and 2).

2/ Official Records of the General Assembly, Forty-eighth Session, Supplement No. 20 (A/48/20).

3/ Ibid., para. 26.

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EDUCATION AND INFORMATION FOR DISARMAMENT

Report of the Secretary-General

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* A/48/150 and Corr.1.

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I. INTRODUCTION

1. On 6 December 1991, the General Assembly adopted resolution 46/27 entitled "Education and information for disarmament". In this resolution the General Assembly, inter alia, invited Member States and international governmental and non-governmental organizations and educational institutions for peace and disarmament to submit to the Secretary-General a report on their activities with regard to education for disarmament.

2. Pursuant to the request of the General Assembly, the Secretary-General, in a note verbale dated 18 January 1993, requested all Member States to provide relevant information about this matter. To date, the Secretary-General has received replies from China, New Zealand, Tunisia and Ukraine. The replies are reproduced in section II of the report. Other replies received will be issued as addenda to the present report.

3. In addition, letters dated 2 June 1993 requesting information on disarmament education were sent to international governmental organizations concerned with the subject and to non-governmental organizations and educational and research organizations. The replies are reproduced in section III and section IV of the report.

4. Further replies from intergovernmental and non-governmental organizations will be issued as addenda to the present report.

II. REPLIES RECEIVED FROM GOVERNMENTS

CHINA

[Original: Chinese]

[31 May 1993]

China pursues its own independent foreign policy of peace and consistently develops friendly relations with all countries based on the five principles of peaceful coexistence. China has untiringly sought to safeguard world peace and stability and is an unwavering force for the preservation of world peace. The Chinese Government consistently devotes much attention to and actively participates in the international community's disarmament efforts; it also actively participates in and supports all activities of Chinese non-governmental organizations in the area of education and information for disarmament.

I

The Ministry of Foreign Affairs of China and the United Nations Disarmament Research Institute (UNIDIR) jointly sponsored the Asian-Pacific Regional Symposium on Security and Disarmament from 23 to 25 March 1992 at Beijing. Some 40 highly qualified international public figures, government officials and eminent specialists and scholars in the field of international affairs from 23 countries attended the meeting under the chairmanship of the Director of UNIDIR, Mr. Jayantha Dhanapala. Mr. Liu Huaqiu, Deputy Minister for Foreign Affairs of

China, presided over the opening ceremony and delivered an address in which he gave a full account of China's position on such major issues as international peace and security and arms control and put forward six proposals by the Chinese Government on security and disarmament in the Asia-Pacific region. Meeting participants held wide-ranging and in-depth discussions on the regional and subregional security and disarmament situation in Asia and the Pacific. The meeting was highly successful and achieved the objectives set.

A symposium on disarmament and security issues in the Asia-Pacific region was organized at Shanghai from 17 to 19 August 1992 by the United Nations Department for Disarmament Affairs and the Shanghai International Affairs Research Centre with the active participation and financial assistance of the Chinese Government. Some 40 accredited official representatives and more than 20 observers attended the meeting. Mr. Qian Qichen, member of the State Council of China and Minister for Foreign Affairs, provided a comprehensive account of China's views on the changing contemporary international situation and the country's position on such major issues as global and regional security and disarmament. He also put forward five proposals for furthering security and disarmament in the Asia-Pacific region and promoting regional peace and development. The Mayor of Shanghai, Mr. Huang Ju, also addressed the opening meeting. Participants considered such topics as the global and Asia-Pacific regional security situation in the 1990s, Asia-Pacific regional and subregional security and disarmament, and security mechanisms and confidence-building measures. The discussions were extremely effective in promoting mutual understanding of the positions and views of government and academic circles with regard to the aforementioned issues.

II

During 1992, the Chinese People's Association for Peace and Disarmament, the Chinese scientific community and other non-governmental organizations, focusing on the twin topics of love for peace and promotion of disarmament, carried out a variety of activities with the active encouragement and support of the Chinese Government. Principal activities included:

1. Peace education activities to strengthen the people's love of peace. At the national level, China has on numerous occasions developed peace-related information and educational activities aimed at mobilizing the masses, particularly youth, to work together to safeguard world peace. For example, in 1992, World Peace Day was observed in Beijing, Shanghai, Shenzhen and other localities along with the International Week for Science and Peace; activities included "The Dove of Peace is on the Wing", a Science and Peace International Film Week, a television variety programme entitled "An Evening of Peace Songs", and the issuing of special commemorative postal envelopes. Numerous organizations, news agencies, major academic institutions, scientific research groups and enterprises took part in the activities.

2. Disarmament research, using the news media and press to disseminate information about peace and disarmament. The Association for Peace and Disarmament, adapting to the changing situation, has intensified its research on Asia-Pacific regional and global security and disarmament and has prepared several research reports and published the magazine Peace. In addition, it has broadened its contacts with the news media and, working through mass

organizations, publicized important views on peace and disarmament and enhanced the general public's understanding of such issues.

3. Strengthening international exchanges and increasing mutual understanding and cooperation. The relevant Chinese non-governmental organizations have engaged in exchanges and cooperative efforts with popular peace and disarmament organizations, research institutions and eminent persons from all countries. Currently, they are working to establish relations of all kinds with more than 300 peace organizations and research institutes in over 70 countries. In 1992 alone, delegations visited countries including Russia, Belarus, Ukraine, Kazakhstan, Mongolia, Japan, Egypt and Israel, while visiting delegations were received from peace organizations in Russia, Kazakhstan, Romania, the United Kingdom, Germany, Egypt, India, Japan, the United States of America, Korea and Mongolia. These groups have also taken part in international efforts to consider how to promote the maintenance of peace and of disarmament among the people, and in information and education activities aimed at this end.

NEW ZEALAND

[Original: English]

[10 June 1993]

1. The Public Advisory Committee on Disarmament and Arms Control (PACDAC), was established under the New Zealand Nuclear Free Zone, Disarmament a[illegible] Arms Control Act 1987. One of the Committee's functions is to make recommendations for grants for the Peace and Disarmament Education Trust (PADET).

2. PACDAC provides grants in response to applications from the public (generally groups seeking to promote disarmament issues or matters of conflict resolution), subject only to certain Trust conditions. According to these, the grants must be in accordance with the object of the trust, which is "to advance education and thereby to promote international peace, arms control and disarmament".

3. In carrying out its role to advance education on international peace, arms control and disarmament, PACDAC has instituted an essay competition to encourage greater awareness of disarmament and arms control issues among secondary school students. Five prizes each of 500 New Zealand dollars will be awarded to the students who submit the best essays on a disarmament topic, and the five schools from which the prize-winners come will also receive library books to the value of 500 New Zealand dollars.

4. PACDAC has also initiated a disarmament PACDAC/PADET Fellowship Programme in cooperation with the Peace Research Centre at the Australian National University in Canberra, Australia. Fellows will be able to undertake a research programme on disarmament and arms control topics at the Centre for up to three months. This programme is in addition to the established university level PACDAC/PADET Disarmament Scholarships Programme. This is designed to support appropriate postgraduate research on disarmament and arms control matters by Masters and Doctoral students at New Zealand universities.

5. PACDAC is also continuing its programme of funding visits to New Zealand of prominent experts in aspects of disarmament and arms control under its Visiting Speakers Programme. This is a very effective way of stimulating public discussion of disarmament and arms control subjects of current interest.

PHILIPPINES

[Original: English]

[9 September 1993]

1. The Philippines has integrated a programme of education on disarmament and peace studies into the elementary and secondary levels of its educational institutions and also into its vocational and technical institutes.

2. Education on peace and disarmament has been made an integral component of subject areas such as Civics and Culture, Geography and History.

3. In addition, both state and private colleges and universities offer programmes, seminars and subjects on disarmament and on international peace and security.

4. The Department of Education, Culture and Sports and both public and private schools have undertaken other activities, among which are seminars and workshops on peace and on human rights; projects that focus on the victims of armed conflicts, particularly the children; a "Toys for Peace" programme; writing and slogan contests; letter-writing and signature-collection campaigns for peace; cultural presentations; and measures to encourage the active involvement of communities with schools in these undertakings.

TUNISIA

[Original: French]

[20 May 1993]

The Ambassador and Permanent Representative of Tunisia to the United Nations presents his compliments to the Secretary-General, and, with reference to his letter ODA/7-93/EID of 18 January 1993, has the honour to inform him that Tunisia is in the process of preparing an education programme and information campaign in implementation of resolution 46/27 entitled "Education and information for disarmament", adopted by the General Assembly on 6 December 1991.

UKRAINE

[Original: Russian]

[6 July 1993]

The whole course of international events highlights how significant disarmament in world politics and how important it is to put an end to the arms race. On the successful resolution of this issue depends the guarantee of real security and a peaceful future for all peoples.

The paramount importance which Ukraine attaches to the need for a breakthrough on disarmament - the achievement of specific, tangible results on arms limitation and disarmament - may be explained primarily in terms of the sharply increased risk if the arms race continues unchecked. Stockpiling weapons of destruction - which amounts to actual preparation for the use of military force - increases the risk of war on both the regional and the global scale. Disarmament too, while it plays an important role in averting the danger of regional conflicts which could turn into world war, is itself in a very real sense a global issue. The achievement of true disarmament will form the essential basis for the solution of other global problems, such as the world food situation, the development of essentially new energy sources, the elimination of the gap in economic development between different countries and the preservation of the environment. The pressing need for real progress on the important task of limiting and halting the arms race arises from the fact that it has recently been growing faster than agreements can be reached on disarmament and the non-proliferation of modern weaponry. If the arms race cannot be halted, the stage may be reached, in some extremely dangerous areas, when it will be completely impossible to conclude agreements based on reciprocal inspection, and this could have disastrous consequences. In the task of strengthening peace, halting the arms race and bringing about real security a specially important role is played by non-governmental organizations. Traditionally they are of material assistance in achieving the purposes and principles of the United Nations Charter; they give active support to the work of the United Nations on peace and disarmament, are effective in spreading information and help to create a well-informed public opinion in favour of disarmament. More than 68 non-governmental organizations in Ukraine play an active role and devote their energies to the implementation of a wide range of programmes relating to disarmament, conversion, peace issues and human rights.

Much has already been done.

In the course of 1992 and 1993 the following has been accomplished:

- Conferences of both general and academic interest were held in Kiev (May 1992) and Zaporozhye (October 1992) on the theme of realizing the principles of the Declaration of State Sovereignty of Ukraine, which contains Ukraine's stated intention to adopt permanent neutrality, remaining outside any military blocs and holding to three non-nuclear principles: not to accept, not to produce and not to acquire nuclear weapons.

- A "round table" was held in Kiev in June 1992 to discuss the conversion of military production in Ukraine. It was attended by representatives from the Ukrainian Ministry of Defence and the Ukrainian Academy of Sciences, along with specialists from the Moscow Centre for Political and International Research, the International Federation of Peace and Concord and the Ukrainian Peace Council.

- In March 1993 a conference was held jointly with peace organizations from Poland, Hungary and Slovakia to discuss the issues of peacemaking and environmental security in the Carpathian region.

- On 10 February 1992 the Ukrainian Peace Council adopted, jointly with peace organizations from Russia, Belarus and Moldova, an appeal to CIS Heads of State meeting in Minsk on 14 February 1992, calling on them to announce a moratorium on all territorial claims and on any unilateral action or moves on the part of one State which might affect the interests of other States.

- From 21 to 25 April 1992 the Ukrainian Peace Council took part in the meeting of parliamentary, government and public representatives which was held in Brussels at the invitation of NATO headquarters.

- From 23 to 26 March 1992 the Ukrainian Peace Council, together with organizations from Russia, Belarus and other States, took part in a peace mission to Moldova (at the time of the armed conflict in the Dniester region).

- On 17 October 1992 the regional peace committee organized a round table in Odessa on "Peace and concord in the land of Moldova", the participants being representatives of citizens' bodies from Ukraine, Russia, Moldova and the Dniester region.

- On 4 October 1992 the Ukrainian Peace Council held a press conference on the future of the Yavorivsky military testing site (Lvov region).

- During the course of 1992 there was extensive public discussion in Ukraine on radio, television and in the press, on the theme "What need has Ukraine for nuclear arms?". About 100 publications appeared on this topic.

- Three public hearings were held, jointly with the Ukrainian environmental association "Zeleny svit" ("Green World"), dealing with environmental abuse of Ukrainian territory by the army. A map showing the sites affected was produced. Representatives of "Zelemy svit" and the management of the "Ukrittya" organization undertook a survey of the current state of safety arrangements in the area of the Chernobyl nuclear power plant.

- In July 1992 there took place the international "Peace Cruise" down the Dnieper (Kiev-Kanev-Zaporozhye-Nikolaev-Odessa), during which 120 representatives of business and public life in the United States of America, Japan, France, Germany, the Netherlands, the United Kingdom and other States discussed the question of assistance for Ukraine in converting military production and cleaning up the waters of the Dnieper.

- On 10 February 1992 the Ukrainian Peace Council put forward to the Commission drawing up the new Constitution a proposal that the following words should be inserted in Article 5, section 1 of the draft Constitution: "Ukraine professes the principles and adheres to the laws of a civilized, neutral, non-aligned State, guaranteeing its citizens the right to live in conditions of peace, harmony and international cooperation. The propagation of war, military ideas or actions, violence, and national or territorial delimitation or discord is unlawful."

- On 15 January 1993 the Ukrainian Peace Council organized round-table talks on a peaceful resolution to the problem of the Black Sea Fleet.

- On 14 April 1993 the Ukrainian Peace Council sent a memorandum to the participants of the International Non-Governmental Organizations' Conference on Disarmament, held in New York from 20 to 23 April 1993, concerning the current state of Ukrainian public opinion regarding the elimination of nuclear weapons in Ukraine.

- From 14 to 16 April 1993 a number of Ukrainian organizations, along with the International Centre for Conversion and Environmental Safety (Moscow), ran a seminar in Kiev on conversion of missile forces in the context of the political, social and economic changes in the States of the CIS. A range of issues were discussed, including the legality of transferring Ukrainian nuclear weapons bases and arsenals to Russian jurisdiction and the problem of how to attract international financial and technical assistance in eliminating nuclear arms from Ukraine.

- On 20 May 1993 the Ukrainian Peace Council and the Ukrainian Peace Fund adopted a Statement and Appeal addressed to the President, Government and the Supreme Council of the Ukraine, which contained the proposal that public opinion should be heeded regarding the speeding up of the process of disarmament, conversion of military production and elimination of nuclear arms in Ukraine and the need for speedy ratification of the Treaty on the Reduction and Limitation of Strategic Offensive Arms and adherence to the Non-Proliferation Treaty.

The National Institute for Strategic Studies in Kiev has already twice organized a seminar entitled "Defence, peace and security policy" dealing with a wide range of defence, military-political, nuclear and conversion issues. Its next session is scheduled for September 1993. Participants in the seminar include leading specialists from Ukrainian ministries and departments, scientific research establishments, members of the American Association for the Advancement of Science, and representatives of the Rand Corporation, USA.

UNITED ARAB EMIRATES

[Original: Arabic]

[19 August 1993]

The Permanent Representative of the United Arab Emirates to the United Nations presents his compliments to the Secretary-General and, with reference to

the recent memorandum No. ODA/7-93/EID dated 18 January 1993 pertaining to General Assembly resolution 46/27 entitled "Education and information for disarmament", adopted by the United Nations on 6 December 1991, and in particular to paragraphs 5 and 6 of the same resolution, has the honour to describe below the activities which have been carried out by the competent authority in the United Arab Emirates, namely, the Ministry of Education, with a view to the implementation of the above-mentioned resolution.

From an examination of the new curricula for general education, it is clear that they aim at changing basic attitudes towards aggression, violence, and warfare, according to the nature of each subject, as follows:

1. Inculcation of right values and right action, such as charity, truth, wisdom, honesty, justice and cooperation.

2. Appreciation of action in accordance with ethical norms based on spiritual principles.

3. Imparting information about the interrelationship of human civilizations so as to spread human brotherhood.

4. Adopting moderation and mediation as guiding principles in all the various life situations.

5. Practice in carrying out one's obligations as a human being.

6. Drawing on the best of the past and harmonizing it with the present.

7. The appreciation of human achievements through the historical process of building a civilization.

8. Cherishing the ideal of brotherhood and open-mindedness.

9. Realizing that the coexistence of both a civilized and a spiritual way of life is possible.

10. Rejection of the confusion that exists between freedom and chaos.

11. Respect for and compliance with the laws of society.

12. The exercise of freedom on the basis of solid foundations.

13. A call for world peace built on justice and the rejection of all forms of racism and discrimination based on race, origin or colour.

14. Training in a critical approach, constructive dialogue and the rejection of superstition.

15. Guidance in endurance and the curtailment of material needs, the rejection of falsehood and the defence of truth in a sound and balanced fashion; appreciation of work, striving, perseverance and competence.

Working towards the complete implementation of the above-mentioned United Nations resolutions, we shall continue to ensure that new books and teaching materials reflect attitudes and orientations that discourage violence, aggression and warfare by circulating the above-mentioned United Nations resolutions to the committees responsible for the composition and preparation of new reading material.

The Permanent Representative of the United Arab Emirates to the United Nations takes this opportunity to convey to the Secretary-General the assurances of his highest consideration.

III. REPLIES RECEIVED FROM INTERNATIONAL GOVERNMENTAL ORGANIZATIONS

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)

[Original: French]

[29 March 1993]

Under the plan for the development of education for international understanding, cooperation and peace (1986-1995), UNESCO has launched a series of pilot projects, aimed at adults, on education for peace, disarmament, security and development, in order to enhance their awareness of the significant contribution they could make to peace, international understanding and respect for human rights. These pilot projects were launched in various regions of the world (Africa, Latin America, Asia, Arab States and Europe). Their objective was to encourage initial and on-the-job training of personnel in the field of non-formal and adult education with a view to internationally oriented education, and to promote greater appreciation among member States of the importance to be accorded to awareness of disarmament issues, growing economic and social interdependence, the dangers of nuclear war, the peaceful use of scientific discoveries, etc., in the context of adult education.

These projects resulted in the preparation of materials, which have been tested. In particular, the publication of two works should be noted: International Education for Adults: a Seminar, by the Finnish National Committee for UNESCO, and Learning to live in security, prepared jointly by the Swedish National Committee for UNESCO and UNESCO.

IV. REPLIES RECEIVED FROM NON-GOVERNMENTAL ORGANIZATIONS

EDUCATION INTERNATIONAL

[Original: English]

[15 June 1993]

1. On 26 January 1993, the World Confederation of Organizations of the Teaching Profession (WCOTP) joined with the International Federation of Free

Teachers Unions (IFFTU) to form the Education International (EI), based in Amsterdam, Netherlands, the largest professional or sectoral trade union organization in the world, with a membership of 18 million teachers in 114 countries.

2. Although Education International does not organize courses itself, it is deeply committed to the promotion of education for understanding and the peaceful resolution of conflicts. It presses for reducing arms expenditures and reallocating such resources to education and other socially useful activities.

3. EI is currently consulting its member organizations about draft policies to be presented by its Executive Board at its first World Congress; it is expected that those policies will include the promotion of disarmament.

EVANGELICAL LUTHERAN CHURCH IN AMERICA

[Original: English]

[10 June 1993]

1. In the area of peace, the educational activities of the Evangelical Lutheran Church in America (ELCA), based in Chicago, Illinois, USA, include the development of a Social Statement on Peace; attempts to teach a variety of peacemaking concepts from the preschool through the university levels; and cooperation with other non-governmental organizations, as well as the United Nations, to establish a Global Peace Service.

2. The Church's Social Statement on Peace, scheduled for adoption and release in 1995, follows two earlier Statements that focused largely, though not exclusively, on nuclear weapons. These Statements set forth policy bases to guide reflection and action on contemporary issues in the local, national and international spheres by ELCA's 5.3 million members in approximately 11,000 congregations, as well as its seminaries and 29 affiliated colleges. The 1995 Statement will be preceded by an educational publication for use at the congregational level.

3. For children from the ages of three to five, ELCA has recently completed two national training programmes and three seminars, as well as an instructional videotape, for preschool teachers on 10 steps through which the very young can learn the art of conflict resolution, bypassing both aggressive behaviour and calls for teacher intervention. Also, in cooperation with the Presbyterian Church USA, ELCA has prepared a manual devoted to the interlinked themes of self-affirmation, building peace, celebrating diversity and caring for the Earth. It will be available to educators in late 1993. Further, the two Churches have collaborated in producing a handbook for use by teachers and youth leaders to invite adolescents to begin reflecting on their attitudes towards war in the light of the tenets of their faith.

4. At the tertiary level, the Lutheran Peace Fellowship of ELCA's 29 colleges and universities recently carried out a survey of peace courses available to undergraduates. The Church also conducts an annual three-day Peace Prize Forum in five of its colleges in the midwest to introduce students and academic

communities to Nobel Peace laureates and peacemaking efforts world wide. The 1992 Forum emphasized the United Nations, featuring such speakers as the Executive Director of the United Nations Children's Fund (UNICEF), the United Nations High Commissioner for Refugees and a former Under-Secretary-General for Political Affairs.

5. In cooperation with World Peacemakers, ELCA is currently planning a conference on the subject of a Global Peace Service, bringing together religious groups, grass-roots peace organizations, other non-governmental organizations concerned with peace and representatives to the United Nations, as well as members of the Organization's staff. One of the objectives of the conference is an assessment of ways in which educational institutions may begin to develop training for the Global Peace Service, a task in which we look forward to close cooperation with the United Nations Office for Disarmament Affairs.

GLOBAL EDUCATION ASSOCIATES

[Original: English]

[24 August 1993]

1. Global Education Associates (based in New York, New York, USA) has two projects concerning education and information for disarmament.

A. Research and writing on the linkages between ecological security and peace and disarmament

2. This project has included case studies and field research in the East Asian region with plans for articles and a book on various aspects of these linkages. One such article is scheduled for publication in late 1993 or early 1994 by the Division of Human Rights and Peace of the United Nations Educational, Scientific and Cultural Organization (UNESCO). A book-length work on these linkages, currently in progress, is scheduled for publication by Orbis Press in 1994. In addition, a graduate-level course, Ecology and Peace, based on this research and writing is being planned.

B. 1994 Symposium on the United Nations

3. This project aims at early preparation of educators, civic leaders and others to help organize educational programmes for the Fiftieth Anniversary of the United Nations in 1995. This symposium will include a section on the work of the Organization for peace and disarmament.

INTERNATIONAL ASSOCIATION OF UNIVERSITY PRESIDENTS

[Original: English]

[21 June 1993]

1. The International Association of University Presidents (IAUP) (currently based in Kobe, Japan) has developed a global programme for arms control education in cooperation with the United Nations Office for Disarmament Affairs.

The programme includes prototype courses in peace and security studies to be taught internationally in undergraduate and in professional schools - among them medical, law, education, business and journalism schools; a course linking arms control and the environment; and a series of seminars. This unprecedented educational undertaking is designed to allow the techniques of conflict resolution and arms limitation negotiations to be studied on a global scale as the ways of war have been through the centuries.

2. The programme is the product of 18 months of work by the 140-member Commission, whose membership includes leading experts in peace and security studies from throughout the world, among them ambassadors to the United Nations, United Nations Under-Secretaries-General, United Nations disarmament specialists, scholars in fields ranging from the humanities to engineering; the Secretary-General of the Pugwash Conference on Science and World Affairs; military officers; the Director of the United Nations Centre for Disarmament in Africa; the Chairman of the Latin American Association of Social Scientists; the Russian representative to the United Nations Conference on Disarmament at Geneva; and presidents of colleges.

3. IAUP has also developed an International Seminar on Arms Control and Disarmament for scholars and government officials from developing nations at Juniata College, Pennsylvania, administered by Juniata's Baker Institute for Peace and Conflict Studies. Additionally, a Seminar in Arms Control Education for laymen will be held at the State University of New York/College at Old Westbury with the participation of journalists and religious and business leaders. Both seminars will be annual events.

4. Other Commission projects include a research project on restructuring the military in nations moving to civilian governance; a world directory of arms control and related courses; a cooperative effort between the Commission and the United Nations Educational, Scientific and Cultural Organization (UNESCO); and an electronic communications network on arms control education undertaken in cooperation with the Centre for Global Responsibility of the University of London.

INTERNATIONAL SCHOOL-TO-SCHOOL EXPERIENCE

[Original: English]

[12 July 1993]

1. The International School-to-School Experience (ISSE), based in Urbana, Ohio, USA, was founded in 1971 to promote peace and intercultural understanding among children of 11-14 years of age. It works through three-week visits by a delegation representing one school to that of another in another country. Now active in 14 nations, ISSE has involved in its programmes some 30,000 people in schools and school communities.

2. After sufficient preparation, a delegation of 10 students departs for a selected school in another country, each member living with the family of a host school pupil of the same age with whom he or she attends classes and presents to all grade levels at the school many aspects of his or her culture. Exchange is mutual because each visitor participates in family and community activities, as well as the host school's special reception programme and its normal daily studies. Through such experiences, children and young people world wide come to realize that education must take priority over armed forces in any national agenda.

PEACE EDUCATION RESOURCE CENTRE

[Original: English]

[14 June 1993]

1. The Peace Education Resource Centre based in Toronto, Ontario, Canada, is a small completely volunteer Special Library on peace issues and peace education, most of whose members are or were teachers or librarians.

2. In the last two years, the Centre has tried especially to give any assistance possible to parents and teachers of elementary age school children. During the Gulf War, we received a number of calls asking for assistance in working with children on the problems raised by the war, and realized that a guide to resource materials would be very useful. We started work on this and brought out the booklet Children and Peacemaking, which includes a list of the Canadian Global Education Programme projects and Coordinators.

3. In this same area of children and peacemaking, a new book is of special interest. One World, One Earth, Educating Children for Social Responsibility, by Merryl Hammond and Rob Collins (New Society Publishers, Gabriola Island, B.C. and Philadelphia, PA, 19143, 1993) is the best single book we have seen for working and learning with children.

4. At the secondary school level, students and teachers are often looking for help in finding good resources to use for an essay or presentation. In trying to assist in this area we brought out an earlier booklet, Reading for a Peaceful Planet, organized under topic headings, with an introductory section under each, followed by a wider list of possible references.

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Forty-eighth session
Item 98 of the provisional agenda*

INTERNATIONAL CONFERENCE ON THE FINANCING OF DEVELOPMENT

Sources of financing for development

Report of the Secretary-General

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BACKGROUND

At the second regular session of the Economic and Social Council in 1991, the Secretary-General called on the international community to consider the convening of an international conference on development financing. 1/ A major concern at that time was that financial resources seemed inadequate to meet the expected global demand for investment. A special international forum, it was thought, could provide an opportunity for concerted policy initiatives to raise global savings and develop modalities of financing that might better channel those savings to investment, particularly in developing countries.

The concern underlying the proposal had grown out of several developments. On the one hand, major new requirements had been added to the global investment agenda, as several economies embarked on a transition from centrally planned to market economies, while costly bills were foreseen for post-war reconstruction in the Persian Gulf area. On the other hand, the global rate of saving out of current income appeared to have been on a declining trend since the mid-1970s and income itself was growing slowly. The total volume of savings, in other words, was not growing adequately. It thus seemed likely that important investment needs would go unfilled, including a backlog of projects in developing countries where difficult adjustment processes had been under way for much of the 1980s. Many investors, especially in developing countries, would find it difficult to pay the high real interest rates that a global savings shortfall brought about. Over time, global development would be jeopardized and global peace and security threatened.

In response to the Secretary-General's proposal, the Economic and Social Council in its decision 1991/274 of 26 July 1991, decided to refer the matter to the General Assembly at its forty-sixth session for further consideration. The Assembly, in its resolution 46/205 of 20 December 1991, decided by consensus to consider at its forty-seventh session the issue of the convening of such an international conference. To this end, a report (A/47/575) was prepared by the Secretary-General for consideration at the forty-seventh session of the Assembly; that report concluded, inter alia, that some of the concerns underlying the original proposal had not been warranted, owing in part to the marked - but most likely temporary - slackening in the growth of the world economy and thus of investment demand in the period 1991-1992. The Assembly, in its decision 47/436 of 18 December 1992, decided to continue exploring the issue of the convening of an international conference on the financing of development in close consultation and cooperation with the World Bank, the International Monetary Fund (IMF), the regional development banks and the United Nations Conference on Trade and Development (UNCTAD), and, to further consider that issue, requested the Secretary-General to submit to the Assembly at its forty-eighth session a report on the situation of the potential sources of financing for development. The present report has been prepared in response to that request.

I. THE SITUATION IN DEVELOPMENT FINANCE

1. Initially, development finance was defined as the financial resources for investment in developing countries. Subsequently, investment was seen as constituting a major part, but not all, of what development finance pays for, as some of what were conventionally thought of as current expenditures were also widely recognized to be crucial components of development expenditure. One example is emergency economic support, such as food aid, which has traditionally been counted as part of development assistance, and thus as part of development finance in a broad sense, as has technical assistance. Today it is common to think of development as the enlargement of the human capacities of developing countries. Teachers' salaries, like investment in a new school building, may thus be considered a part of development expenditures. Although expenditures on human resource development are usually undertaken privately as well as by Governments, the latter have a major responsibility in this realm. Thus, looking at the situation of development finance is here understood to require looking at the situation both of investment finance and of the resources - domestic and foreign - for government current expenditures on human resource development.

A. Domestic resources for development

2. Domestic resources account for the bulk of development finance and the primary determinant of the amount of those resources is the overall trend in per capita income. Comparing the early 1980s and the early 1990s illustrates the point.

3. In the early 1980s, analysts commonly divided the developing countries into two groups. One group comprised a small number of countries whose savings substantially exceeded domestic investment requirements owing to the jump in the price of their petroleum exports, which had caused great leaps in domestic income. Those countries were called the capital-surplus developing countries. The second group consisted of the rest of the developing world. Most domestic investment needs in the latter group of countries were met out of local savings, but foreign capital inflows were also significant. These countries were thus termed the capital-importing developing countries.

4. The next decade was tumultuous for both groups of countries. By the beginning of the 1990s, after five years of comparatively weak international oil prices and protracted war in the Persian Gulf area, the capital-surplus countries as a whole were saving about 23 per cent of gross domestic product (GDP), a figure amounting to less than half the rate of 1980 and representing the same savings rate as that of the capital-importing countries. 2/ The 23 per cent savings rate of the latter group of countries was about the same as in 1980. However, the gross domestic savings rate in capital-importing Asia had risen from 27 per cent of GDP to 31 per cent, essentially owing to the rapid growth of incomes in the region and the tendency to save and invest locally large portions of the increases in income. In Africa and Latin America, however, the aggregate savings rates were lower in 1990 than a decade earlier. 3/

5. The latter results cannot be ascribed to the overt failures in savings policy per se. Rather, the countries with the poorest savings performance were generally those with the poorest record of economic growth. The scope for policy to promote savings, whether personal savings or government savings, in a very difficult economic environment is small indeed. For example, average GDP per capita in Côte d'Ivoire in the period 1989-1991 was 29 per cent less in real terms than in the period 1979-1981. In this environment, irrespective of policy reforms and economic adjustment efforts, gross domestic savings averaged 15 per cent of GDP in the later period compared with 22 per cent of GDP a decade earlier; there was therefore a drop of 7 percentage points. 4/

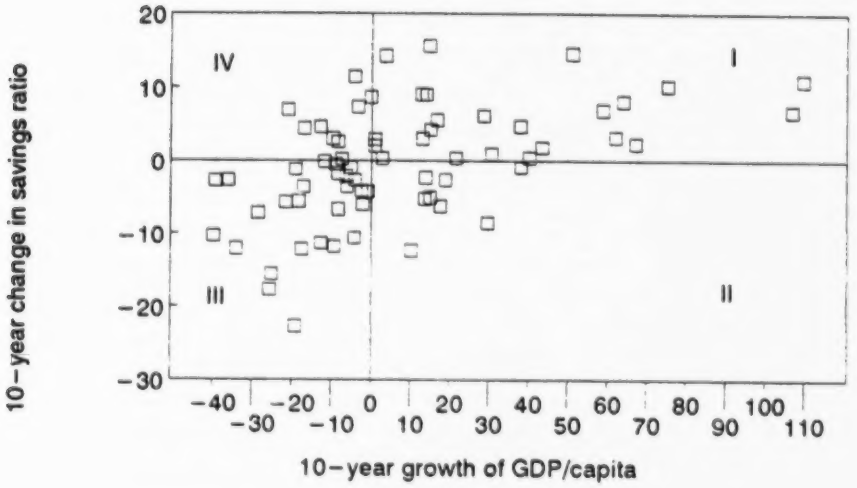
6. The relationship holds as well at higher per capita income levels. In Venezuela, for example, real GDP per capita fell 18 per cent between the period 1979-1981 (a time of relatively high international oil prices and easy access to international credit) and 1989-1991 (one of debt crisis-cum-adjustment). Over the decade, the share of GDP saved fell almost 6 percentage points, from 32 to less than 27 per cent. The relationship between savings and economic growth also holds in the case of strong economic performance. In Thailand, for example, GDP per capita in the period 1989-1991 was 75 per cent above that in 1979-1981; its savings rate in the later period was 10 percentage points higher (30 per cent of GDP versus 20 per cent).

7. Of course, the relationship between savings and economic growth is not one-to-one, but these three examples, albeit dramatic, are representative of the general picture. Figure I illustrates this for a sample of 68 countries for which adequate data were available. Each square in the figure represents one country's total growth in GDP per capita in the 10-year period covered (horizontal axis) and the 10-year change in percentage of GDP saved (vertical axis). All the countries in region I of the figure had rising per capita GDP and rising savings shares. All those in region III had falling per capita GDP and falling savings shares. Although there were 17 countries in the area comprising regions II and IV of the figure, 51 countries (three quarters of the total) fell into the area comprising regions I and III.

8. At the heart of the difficulties of the countries in region III was the necessity from the early 1980s of their undertaking macroeconomic stabilization and structural adjustment programmes at a time when many of the economic and financial supports on which those countries had relied - such as remunerative prices for commodity exports, low real interest rates on external debt, access to new flows of external finance, and rising demand in export markets - were being removed. The international community extended financial assistance to support adjustment programmes in the affected countries, but it was far from being in a position to make up for the aforesaid deterioration in the international environment. Moreover, in several developing countries, domestic or regional conflicts raged and pushed development completely off the policy agenda.

9. While domestic saving as a whole suffered owing to the income constraint, many Governments faced particular difficulties in applying adequate resources to budgetary development programmes. On the one hand, weak tax systems and commitments to subsidize particular sectors, which may have been inefficient but functional when income was growing, became an insupportable burden when

Figure I. Savings and economic growth in developing countries



Source: Department for Economic and Social Information and Policy Analysis of the United Nations Secretariat, based on data of the World Bank.

Note: Sample of 68 countries for which data were available for the periods 1979-1981 and 1989-1991. Horizontal axis shows percentage growth of GDP/capita from the first period to the second. Vertical axis shows percentage point change in the share of GDP saved between the same two periods

economies declined. On the other hand, control of certain rising expenditures was beyond government discretion.

10. One example has involved the rise in government interest payments, both as foreign debt (and thus debt servicing) grew and as the policy of moving to sound monetary policies in several countries raised domestic interest rates to very high levels. 5/ In a sample of 39 developing countries, interest payments rose on average from 6.6 per cent of central government expenditures in 1980 to 12.8 per cent a decade later. 6/ In a sample of 9 heavily indebted countries, interest payments reached almost 19 per cent of expenditures, and even in a sample of 11 low-income countries, almost 14 per cent of expenditures were for interest payments. In sub-Saharan Africa, the level of government expenditures after correcting for inflation and deducting interest payments was lower, in 14 out of 29 countries analysed, at the end of the 1980s than at the beginning.

11. Military expenditures have also continued to absorb large amounts of public resources in many developing countries. Here, however, there was an encouraging trend, namely, out of 58 countries for which data were available, 40 reduced the share of central government expenditure allocated to defence over a 10-year period ending in 1990-1991. Nevertheless, the range of the share of defence in total expenditure indicates that there was still large scope for reductions in military expenditures, as some countries reported spending under 2 per cent of their budgets for defence (for example Barbados, Costa Rica and Mauritius), while many others spent 25 per cent or more. 7/ Indeed, a major objective of the Agenda for Peace 8/ is to reduce conflict and tensions around the world and allow Governments to relax their military security concerns.

12. Given that most countries have been faced with the realities of expenditures on interest and defence and the necessity of reducing government budget deficits, in many countries government development expenditures have experienced tight constraints. Governments have sought to protect spending on human development services, but with mixed success. In sub-Saharan Africa, in particular, although real expenditures on health and education grew in the 1980s, the population grew even faster, especially in low-income countries. More generally, Governments sought to restrain their expenditures by limiting replenishment of supplies, postponing investment and lowering their wage bills. The last was accomplished, especially in Africa and Latin America, more through reductions in real wages, as nominal wage increases did not keep pace with inflation, than through outright staff cuts. This harmed the quality of the services that were provided, as better-qualified staff left for the private sector or went abroad and most had to spend increasing amounts of time supplementing their income in other activities.

13. That such a situation is untenable has been increasingly recognized and, as noted below, there are now broadly agreed policies to strengthen public sector finances and better direct resources where they are most needed. There is also a greater appreciation of the distortions of investment and the waste of resources that an inadequate domestic financial sector causes, and of the directions for policy and institutional reform. 9/ However, it is essential that the amount of resources to be allocated also grows and the key to generating domestically those resources - public resources as well as private savings - remains the recharging of economic growth.

B. International resources for development

14. The international community has long recognized that appropriate levels of domestic investment exceed what most developing countries can finance out of their own saving, and thus net transfers of financial resources are warranted to fill the gap. Only after long periods of rising per capita incomes do savings in developing countries rise enough to close the resource gap.

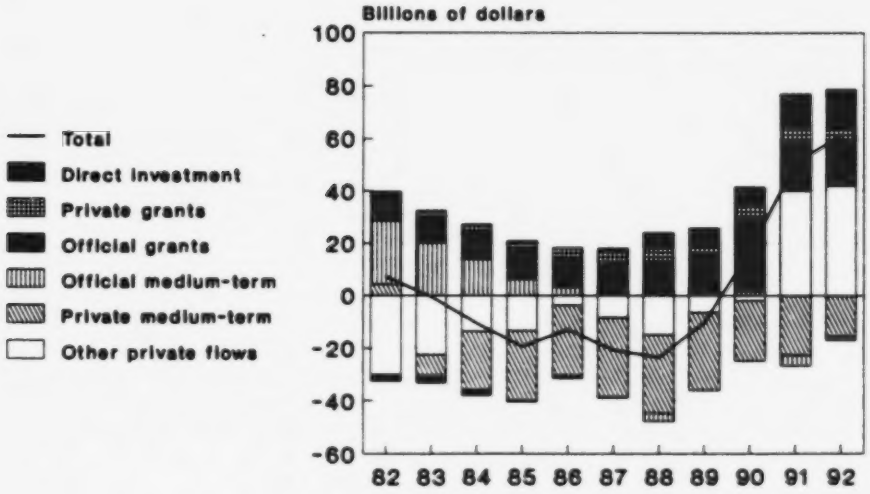
15. In this regard, certain important developments in international financial flows have recently occurred. Adding together all the financial transfers to and from the capital-importing developing countries - capital flows minus profit, interest or other income on such flows - gives the total of the net transfer of financial resources, as defined on a financial basis. 10/ As may be seen in figure II, that measure of the net transfer had been negative during most of the 1980s, but it turned strongly positive in the 1990s. Those resources are used to raise imports of goods and a broad range of services above what could be afforded out of export earnings and to add to official foreign reserves. In the past few years, most of the positive transfers were indeed added to reserves, but significant increases also took place in import levels, especially in Latin America. In fact, 1992 was the first year in a decade in which Latin America enjoyed an import surplus financed by a net transfer of resources.

16. Nevertheless, much of the surge in net financial transfers in 1991 and 1992 that is as depicted in figure II was the result of increases in the residual category of financing, which groups together movements of short-term funds and changes in assets held abroad by residents of developing countries. It appears that much of that inflow was attracted by short-term domestic interest rates that were significantly higher than internationally available rates. Indeed, the fear of high international interest rates that prompted the initial call for an official conference on finance has been far from justified, as international interest rates have been falling and a significant reallocation of world savings to some developing countries has been taking place. However, given the volatile nature of so many of the inflows and their international context, they could just as quickly again move abroad, if for example, interest differentials became less attractive. Also, most countries have not even tapped into this supply. A large part of the new inflows is thus not a reliable source of development finance.

17. In other words, any contribution to the net financial transfer to a developing country adds to potential imports and can finance additional investment. In practice, however, the link to development is more certain in the various categories of medium-term and long-term financial flows and grants. Policy thus still needs to focus on international resources for development, although less on the question of the supply of savings available for investment in developing countries and more on that of the allocation of investment resources to countries and the financial composition of the flows.

18. Recent evidence suggests that the supplies of medium-term and long-term private finance are quite abundant and available to qualifying developing countries in an increasing variety of forms and on an increasing variety of terms. Yet, too few countries are seen as qualifying at this time. Indeed, some low-income countries with low debt-servicing capacity will need to draw

Figure II. Net transfer of financial resources to capital-importing developing countries, 1982-1992 a/



Source: World Economic Survey, 1993 (United Nations publication, Sales No. E.93.II.C.1), annex, table A.27.

a/ Net capital flows minus net income.

mainly on concessional official flows for the foreseeable future. Most developing countries will need to draw on some measure of official finance for many years to come. The key question is whether the funds - public and private - will be available in adequate amounts.

1. Private sources of finance

19. With respect to the various sources of private, external finance for development, the most encouraging trend in recent years has been in direct investment, as can be seen from figure II. Yet the distribution of that investment has been very uneven. Sixty-five per cent of the total went to 10 developing countries in 1992, and this amount represented virtually the same concentration as had been manifested since 1981 (albeit with different countries among the top 10). 11/ More than half of gross direct investment in developing countries in 1991 and 1992 went to countries of the Asian and Pacific region, whereas in the early 1980s they had accounted for about a third. In the earlier period, Latin America and the Caribbean had received larger investment flows than Asia, but even though there was a surge in investment in Latin America beginning in 1991, about one third more investment was attracted to the Asian and Pacific region. Africa, moreover, has not participated at all in the growth of direct investment: while flows to other regions increased substantially over the years, those to Africa remained in the range of $2 billion to $3 billion a year and now account for only 5 per cent of the gross flows to developing countries.

20. The attraction exerted by Asia on direct investors is fundamentally the same as that exerted by the region on its own domestic investors: the attraction is connected with relatively stable macroeconomic and political conditions, sustainable external accounts with an outward orientation of policy-making, and surging growth of real income. Flows to certain countries of Latin America are stimulated by similar phenomena, or the expectation that such conditions are on the horizon. However, a substantial proportion of the recent flows to Latin America has derived from the privatization of state enterprises. Although additional enterprises are set for privatization, this involves one-time phenomena and continuing inflows over the long run will depend mainly on a spreading positive perception of general business conditions. Indeed, the lack of such a perception with respect to many African countries explains much of the difficulty Africa has had in attracting direct investors.

21. In choosing investment locations, direct investors also look for complementary productive resources in the form of infrastructure, a trained workforce, local banking and commercial services, suppliers and subcontractors. Again, these factors are crucial to domestic investors as well. Where they do not exist, they must be created if dynamic growth is to take place, and generally only a part of the task will be undertaken by the private sector itself. Governments are expected to assume the leading role in providing the rest of these resources.

22. In the industrialized countries, major government investments are usually financed by bond issues sold to the public at home and abroad. The access of developing-country Governments to international bond markets for such financing dates back to the nineteenth century (although access was, of course,

interrupted at various points in time). This is a source that is again being cultivated by certain countries in Latin America, as well as by several Asian economies. In 1992, Latin America (mostly Argentina, Brazil and Mexico) raised almost $12 billion from bonds sold on these markets, coupled with bonds issued by private and state enterprises. This amounted to more than twice what was borrowed by Asian countries (mainly China and the Republic of Korea). Three years before, Latin America had raised virtually no funds through this mechanism. Most developing countries and virtually all of Africa still do not raise funds in this way. 12/

23. The more common mechanism for raising substantial amounts of private international credit for developing countries in the 1970s and early 1980s had been syndicated international bank lending. International bond markets had been quite cautious, requiring considerable familiarity with a borrower, and only a small number of developing countries enjoyed access. Bank lending required that a group of bankers much smaller in number than that comprising individual or institutional bond holders be familiar with the potential borrower. Thus, one bank or a group of banks - often including those banks that operated in the developing country and thus had a continuing relationship with it - would arrange and manage a large loan using funds provided by many other banks (sometimes hundreds). Except for developing countries that escaped the debt crisis, this channel of funds largely dried up during the 1980s.

24. Thus, Asian economies now account for over 70 per cent of the medium-term and long-term international bank lending directed to developing countries (over 80 per cent in 1991 and 1992, when Kuwait and Saudi Arabia tapped this market). Bank lending to Latin America, despite the return to the bond markets noted above, remains small. Bank lending is especially limited for Africa, where several countries once borrowed significantly and grew to become substantial debtors.

25. The large commercial banks in many industrialized countries and offshore centres overextended themselves in speculative lending in such areas as real estate and the financing of corporate mergers, not to mention developing-country debt, and have had to retrench and rebuild their capital base. They are still in the process of reducing their claims on debt-crisis countries through negotiated agreements and buy-backs. 13/ They are not looking to resume lending to the same countries quickly. Meanwhile, the bond markets have become more sophisticated and more room has been made for speculative-grade lending through bonds.

26. Indeed, advances in international communications have so improved the general state of information about the developing world in international financial markets that developing-country corporations are increasingly able to float their own equity issues in industrialized countries. In 1991, such companies issued almost $5 billion in new shares internationally and in 1992 over $7 billion, albeit shares from privatization activities in Mexico bulked large in the total. 14/

27. All in all, recent developments thus seem to point to an increasing ability of developing countries to draw on international private finance in the form of direct or portfolio investment and to continue to tap international bank lending largely where it is already available. The supply of funds available for

investment projects that have reasonable profit prospects seems quite abundant. Even in countries with fragile balance-of-payments conditions, projects can attract credit if prospective foreign exchange earnings are earmarked for debt service.

28. This attractiveness notwithstanding, access is still quite limited and many creditors consider their lending largely speculative. Sovereign-risk lending to Governments that have been trapped in debt crises can be difficult to arrange. Indeed, certain classes of institutional investors in industrialized countries are restricted to purchasing mainly debt that is rated investment-grade by one of the private rating agencies. As of mid-1993, such a rating has been given to the foreign-currency bonds of only eight developing countries (Chile, China, Colombia, Indonesia, the Republic of Korea, Malaysia, Thailand and Turkey). 15/ Furthermore, even though the secondary-market prices on the outstanding bank debt or successor bonds of heavily indebted countries have risen in the past few years, in every case but two the debt still trades at more than a 10 per cent discount from face value. 16/ As of June 1993, the average bid on Latin American debt was only 55 per cent of face value.

2. Non-concessional sources of official finance

29. Sometimes, official financial flows complement or galvanize the mobilization of private sector funding and sometimes official providers are the only practical source of international financial support. Few developing countries, no matter how deep their access to private sources of funds, are willing to forgo all funding from official sources. Even for higher-income countries, there are advantages in being able to draw on project appraisal and technical assistance from multilateral institutions and reduced costs of borrowing using officially supported export credits, not to mention IMF resources during adjustment periods. For some lower-income countries, there are no private sector alternatives to much of the financing they need and they can only afford the part of official finance that is supplied on a highly concessional or grant basis. The prospects are quite uncertain for the availability of these latter funds, as will be discussed below; but the prospects are also uncertain for some forms of higher-cost official finance.

30. Export-credit agencies (ECAs) are a case in point. The fundamental aim of ECAs is to promote the exports of their home countries, frequently capital goods that require medium-term to long-term financing. Usually, ECAs reduce costs to the buyers by insuring loans made by banks for a purchase or suppliers' credits directly offered by exporters. They reduce the lenders' risks and thus the interest rates charged. Sometimes the ECAs themselves also lend.

31. ECAs are meant to cover their costs from fees and charges, although because of the debt crisis of developing countries and economies in transition, export-credit agencies have had to pay out claims well in excess of their premium income. Governments cover the losses and as a result the "guardian authorities" have pressured the ECAs to be more cautious in underwriting exports than in the past. 17/ This means some projects that might have been accepted for export-credit financing in an earlier time may not go forward or that the financing terms will be less attractive.

32. The natural tendency of ECAs is to compete against each other through offers of increasingly subsidized credit, but this has long been held in check through a periodically updated agreement negotiated in the Organisation for Economic Cooperation and Development (OECD), formally called the Arrangement on Guidelines for Officially Supported Export Credits. Under the new pressures, interest-rate subsidies have largely been phased out of the OECD Arrangement, although countries can still provide subsidies indirectly by using official development assistance (ODA) to cover part of the cost of the exported goods. However, efforts have also been made to limit the use of these "mixed credits". In OECD discussions, emphasis has been placed on seeing that ODA used in mixed credits does not lose its "aid" character or substitute for potentially available commercial finance. 18/

33. The terms of export credits have also been toughened in another sense. Some ECAs have adopted new arrangements to reduce the risk to lenders that seem to compromise the nature of export-credit finance. One example involves requiring the establishment of offshore escrow accounts to hold foreign currency earnings from a project that is to use the capital goods financed by the export credit. Such an arrangement is similar to what a commercial bank without export insurance might devise, and offers very little in the way of enhancement, from the borrower's perspective, of a loan arranged without official support. With factors such as these, as well as the continuing low rate of investment and thus of capital goods imports in many developing countries, it is perhaps not surprising that the dollar value of medium-term and long-term export credits in the period 1991-1992 averaged only $2.8 billion, a figure representing about the same amount as in 1970. 19/ Indeed, the problem of reducing the overhang of the mainly export-credit debt of developing countries that slipped into debt crisis seems to have advanced to a solution more slowly than that of the treatment of commercial bank debt, especially as concerns the low-income countries. 20/

34. The regular lending "windows" of the international financial institutions are now the major source of unsubsidized official credit for developing countries. In the case of the World Bank and the other multilateral development banks, the borrower benefits from paying an interest rate that is only a small margin above the very-low-risk rate at which the institution itself can borrow in the international bond markets. The institution borrows on very attractive terms both because its portfolio of developing country loans is highly diversified and because the institutions's own debt servicing is effectively guaranteed by the industrialized and other financially strong member countries of the institution. Maturities are also longer than those that can usually be obtained in a direct approach to the financial markets. 21/

35. IMF is a special type of multilateral financial institution. Its lending is meant for temporary balance-of-payments support during economic adjustment and thus is mainly shorter-term than development lending per se and not project-related. Regular loans from IMF have to be repaid in five years, but countries can borrow on longer term with maturities up to 10 years (compared with 20 years at the World Bank). Otherwise, IMF lending terms are similarly a margin above the borrowing costs of the institution, although in its regular operations the Fund is more simply seen as a pool of currencies, with the Fund paying interest to countries whose currency deposits in the Fund have been lent to the borrowing

countries. The main financial difference from development banks is that IMF obtains resources only from Governments, not from financial markets.

36. The two largest multilateral institutions, IMF and the World Bank, are generally thought to have adequate capacity to meet the expected demand for non-concessional lending over the next few years. IMF raised its ability to make non-concessional loans by increasing its resources by 50 per cent in 1992, when it implemented the Ninth General Review of Quotas. As it stands, however, the Fund is currently receiving more from developing countries in repayments of past credits than it disburses in new loans. 22/

37. The World Bank last undertook a general capital increase in 1988, which raised its non-concessional lending capacity by $75 billion. If the rate of lending grew as expected at that time, the Bank would now be in need of additional resources. However, the Bank is understood to currently enjoy adequate "headroom" for prospective new lending, albeit this is owing to the difficulties and delays that many developing countries have had in arranging projects and programmes in an environment of slow economic growth, the sometimes difficult negotiations over the policies entailed in loan packages, and low government investment. 23/

38. Regional development banks, in contrast, are seeking to increase their lending capacity, in particular, the Asian Development Bank and the InterAmerican Development Bank. The African Development Bank has a different problem in that only a small number of member countries from the region can currently afford the near-commercial terms of its regular lending arrangements. Lending by its highly concessional arm, the African Development Fund (ADF), however, is highly constrained at this time by resource limitations, and a replenishment and expansion of these resources are to be negotiated.

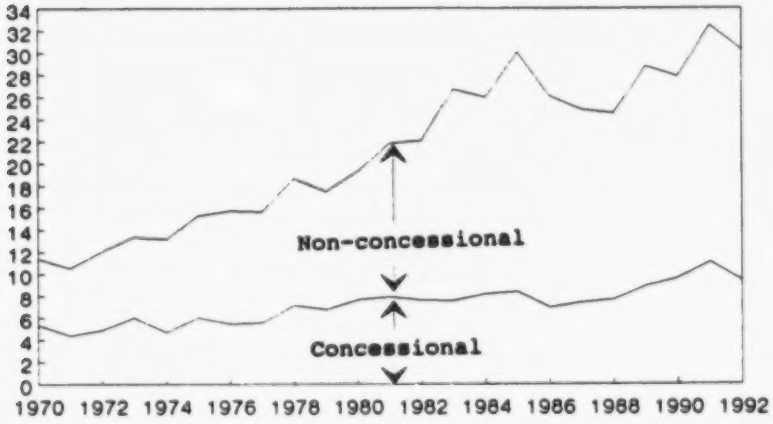
3. Concessional sources of official finance

39. Besides their regular programmes, all the multilateral banks and IMF lend on highly concessional terms to low-income developing countries through special facilities such as the International Development Association (IDA) at the World Bank, ADF and other comparable facilities at the regional banks, the International Fund for Agricultural Development and the Enhanced Structural Adjustment Facility (ESAF) at IMF. Coupled with the grants for technical assistance and food aid by the operational organizations of the United Nations (namely, the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the World Food Programme (WFP)), these facilities make up most of what is generally classified as multilateral ODA. Twenty years ago, multilateral ODA accounted for about half of the total of multilateral resource arrangements. In recent years, it has accounted for less than a third (see figure III).

40. Multilateral ODA has suffered from the same difficulty as ODA in general in attracting the political support that translates into adequately growing budget appropriations. Unlike the official financing of the multilateral banks per se, where only a small fraction of a capital increase is paid in and the rest is "callable" - and thus far it has never been called - funds for the concessional lending programmes come entirely from the budgets of donor countries.

Figure III. Multilateral development commitments, 1970-1992

(Billions of 1980 dollars)



Source: Department for Economic and Social Information and Policy Analysis of the United Nations Secretariat, based on information supplied by individual institutions.

Note: Real commitments are the dollar values of commitments deflated by the manufactured export price index of industrialized countries (excluding IMF arrangements).

41. Moreover, because the arrangements for equitable cost sharing among donor countries fix the proportion contributed by each to multilateral replenishments, a large country that wishes to make a relatively small contribution may be able to restrict the size of the total increase. It depends on the ability of the Governments that wish to make a larger replenishment to convince the reluctant partner to increase its proposed contributions. This mechanism restricted the size of the recent tenth replenishment of IDA (IDA-10), which is providing the resources for IDA lending from 1 July 1993 to 30 June 1996. Under this replenishment, 34 donor countries are to contribute $18 billion which, coupled with $4 billion in expected repayments of earlier IDA loans, will provide the same resources in real terms as IDA-9. The World Bank had sought a larger replenishment, especially in the light of the new commitment of the international community to support programmes for environmentally sustainable development, as set forth in the Rio Declaration on Environment and Development 24/ and in Agenda 21. 25/ In addition, the funds will have to be spread among a larger number of countries, as several countries in transition from centrally planned to market economies have recently joined the World Bank and become eligible to draw from IDA. 26/

42. The United Nations raises funds for its operational activities, which are provided on a grant basis, through annual voluntary pledges without a formal burden-sharing arrangement. Nevertheless, here too recent experience has been disappointing and has been quickly reflected in programme activities. Thus, total commitments for operational activities decreased from $4 billion in 1991 to $3.6 billion in 1992, about half of the decline having taken place in UNDP, the biggest programme. 27/ As to the future, some donors have expressed the view that additional resources require changes in oversight and coordination of operational activities.

43. Although ODA disbursed through multilateral channels is a particularly desirable means of achieving international cooperation, it accounts for less than 30 per cent of ODA received by developing countries. The rest is contributed on a bilateral basis, with donors concentrating their programmes of assistance on countries with which they have relatively strong political or economic relations and making relatively greater use of modalities in which they have an abundant capacity, such as food aid.

44. Adding together bilateral ODA and contributions to multilateral concessional operations gives total ODA as viewed from the budget process of the donor country and from the perspective of ODA commitments made in the United Nations and elsewhere. While donor Governments stand by those commitments, total ODA receipts in real terms have essentially stagnated since the mid-1980s, at roughly $55 billion in 1991 prices. 28/ Aid from the member countries of the Development Assistance Committee (DAC) of OECD has grown in this period at about 2.5 per cent per year in real terms; but other donors have cut back their ODA, in particular oil-exporting donor countries and the former centrally planned economies of Eastern Europe and the Union of Soviet Socialist Republics. Neither group of countries could sustain its earlier aid efforts, which for Arab donors among the oil exporters had totalled 1.3 per cent of their gross national product (GNP) in 1985. Arab aid in 1992, estimated at $1 billion, had fallen to less than one third of the 1985 dollar amount, while the other group of countries has lost virtually all aid-giving capacity at this time.

45. The growth of ODA from DAC countries thus prevented the aggregate amount of aid from falling, but Development Assistance Committee ODA grew only at about the rate of growth of aggregate GNP. That rate of growth maintained an overall DAC ratio of ODA to GNP of 0.33 per cent, but with this figure amounting to a little less than half the United Nations target of 0.7 per cent of GNP, it represented no progress towards meeting the target on an aggregate level. Although the ratio of ODA to GNP was higher in 1992 than in the mid-1980s for Austria, Denmark, Finland, France, Luxembourg, Norway, Portugal, Spain, Sweden and Switzerland, the total ODA of these countries accounted for less than 30 per cent of the DAC total. Only four countries met or exceeded the target in 1992 (Denmark, the Netherlands, Norway and Sweden) and they accounted for only 13 per cent of Development Assistance Committee ODA.

46. For several years, the growing concern has been growing that far from rising to the level of the United Nations target, aid levels might become increasingly inadequate in terms of meeting the world's needs. As the Chairman of DAC noted almost a year ago,

> "The trend lines in ODA availability are especially worrisome given the growing demand and opportunities in today's rapidly changing world. New recipient countries and new sectoral priorities such as environment will create even greater competition for scarce ODA resources in the next few years...". 29/

He went on to call for greater effectiveness in aid use, which would be important even if aid resources were more abundant, and suggested that recipient countries might find themselves competing increasingly for limited aid resources. The analysis of the World Bank was more blunt in its assessment of aid trends:

> "... For recipient developing countries the stark message is: show a capacity to use aid effectively - through both sound economic policy and effective governance - or risk losing it." 30/

47. Prospects for aid flows have lately become if anything of even more concern. Italy, the fourth largest DAC donor, had to cut its 1993 aid budget by 40 per cent and in the United States of America, which rivals Japan as the largest donor, the Administration and Congress are considering across-the-board changes in foreign assistance, including budget levels. Japan, on the other hand, has recently adopted a new five-year target for the growth of its aid programme, which would raise Japanese ODA by 40-50 per cent in the period 1993-1997 compared with the previous five-year period.

II. CURRENT ISSUES FOR POLICY DISCUSSION

48. The international community has adopted several texts in recent years that together represent the consensus on development objectives and the role of international cooperation in achieving those objectives, including, in particular, finance for development. Primary texts at the United Nations are the Declaration on International Economic Cooperation, in particular the Revitalization of Economic Growth and Development of the Developing Countries (as contained in General Assembly resolution S-18/3 of 1 May 1990, annex) and

the International Development Strategy for the Fourth United Nations Development Decade (as contained in Assembly resolution 45/199 of 21 December 1990, annex). Finance for development was also an important feature of two major international meetings in 1992, namely the eighth session of the United Nations Conference on Trade and Development, which adopted the Cartagena Commitment 31/ and the United Nations Conference on Environment and Development, which adopted Agenda 21. 25/ Most recently, the Joint Ministerial Committee of the Boards of Governors of the Bank and the Fund on the Transfer of Real Resources to Developing Countries (the Development Committee) took up the question of finance for development at its autumn 1992 and spring 1993 meetings. 32/ The aforementioned texts share a common core of principles and concerns, albeit with different emphases. If an international conference on the financing of development was to be organized, these would represent its starting-point, although certain additional points, as noted below, might also be reviewed.

A. Domestic dimensions of policy

49. The broadest international agreement concludes that the developing countries themselves must be the primary source of their financial resources for development. Likewise, the importance for development of sustainable macroeconomic policies and flexible economic structures, guided largely by market signals, is virtually uncontested. A suitable legal and institutional framework where the obligations and protections of enterprise are clear-cut is equally necessary if potential investment is to become actual capital formation. It is also widely appreciated that relatively large increments to savings may be generated out of increases in income per person in poor countries, but it would be quite unusual to raise savings significantly from a reallocation of spending on consumption when incomes are stagnant.

50. These principles can be tied together by viewing the solution to the problem of raising domestic saving in slowly growing countries as including economic adjustment and growth, each being both necessary and reciprocally supportive. Adjustment is to be pursued by a reorientation of policies and, if necessary, by institutional reforms. Growth in a stagnant economy is generally stimulated by an expenditure increase, as from improved export performance or new investment, usually with a significant component of foreign financing. The policy challenge, in other words, is to revitalize economic growth where it is stagnant while also implementing a policy package that inspires the confidence of domestic economic actors. 33/ If the policy is successful, the people experiencing rising incomes are likely to generate considerable additional savings that could be mobilized domestically and then invested in the domestic economy.

51. The importance of a well-functioning and increasingly flexible domestic financial sector for efficient intermediation between savings and investment is also widely appreciated today. Financial sector policy efforts thus emphasize institution-building, including capital-market development, along with liberalization of administrative controls. The latter needs to be coupled, however, with appropriate prudential regulation and supervision of financial institutions. Many countries are now tackling the problems of financial institutions that became insolvent as a result of bad loans. Equally important

are measures to facilitate the access to credit of small entrepreneurs and farmers.

52. Another dimension of success entails a broadly based and equitable tax system that raises adequate revenue from growing incomes to support essential government services, some of which are necessary complements of private investment. Adequate public financing of human resource development is seen today as an especially critical ingredient of development efforts. The need to strengthen the administrative capacity of the tax authorities is also being increasingly recognized. Moreover, many countries have rethought the question of providing public assistance through subsidized activities available to all compared with targeting assistance directly on vulnerable groups. There has thus been a tendency to seek better recovery of the cost of government services and a phasing out of subsidies to public sector enterprises.

B. International dimensions of policy

53. It is also universally recognized that the developing countries are heavily dependent on the international economic environment and that while domestic policy needs to increase the ability of those countries to take advantage of the opportunities provided by the international environment, they are also in need of a capacity to withstand that environment's adverse developments. Countries can adequately develop such a capacity on their own only at a late stage of development. Moreover, there is a virtually universal presumption, which is embedded in all the basic internationally negotiated texts, that countries in the early and middle passages of the development process should have access to net transfers of financial resources from abroad.

54. The international community thus accepts the need to support the development efforts of developing countries, especially in the early stages of development and when economic adjustment and policy reform efforts are initiated. The support should include financial assistance, foreign debt restructuring where needed, and maintenance of an open international trading environment.

55. In the area of trade, the frequently stated international commitment to roll back protectionism in industrialized countries contrasts dramatically with actual practice in some countries and with the degree of trade liberalization that is occurring in developing countries. At present, no measure appears more important for reinvigorating international confidence in industrialized country trade liberalization than a successful conclusion of the multilateral negotiations under the General Agreement on Tariffs and Trade.

56. In the treatment of the debt of countries in debt crisis, international policy has evolved very considerably, particularly as regards commercial bank debt. Much remains to be done, however, especially for low-income countries owing substantial amounts to official creditors, as discussed in a report of the Secretary-General (A/48/345) on the international debt strategy as of mid-1993.

57. In the area of financial flows, much attention has been focused on building the capacity to capture increasing amounts of the large potential supply of international private flows. The factors needed for providing an appropriate

environment for attracting long-run private flows are in all essentials the same ones needed for stimulating high rates of saving and investment in the developing country economy itself: above all a certain measure of economic growth along with economic stability and a suitable legal and institutional framework. Recent experiences show that foreign investment flows to countries where economic adjustment has already progressed to a degree and become associated with significant economic growth and a relatively stable balance-of-payments situation, in particular one that is not encumbered by a foreign debt "overhang". Such considerations are at the centre of the investment decision; the host of special incentives, tax holidays, credit subsidies and so on with which developing countries often seek to compete in attracting potential investors are at the periphery.

58. What holds for direct investment holds as well for portfolio and medium-term and long-term credit flows. Yet, the international community can play an important role in increasing the access of developing countries to various sources of such funds through technical and financial assistance in the approaching of financial markets and in the removing of excessive regulatory obstacles in industrialized countries to the placement of funds in developing ones. In addition, private flows to developing countries can be augmented by official financial assistance. Sometimes official financial flows are at the centre of a package including private flows that would not otherwise participate in a project, as in formal "cofinancing" arrangements.

59. The capacity of the major sources of official flows not only to play this catalytic role, but also to engage in their regular lending programmes remains indispensable. Although some of the multilateral institutions may have adequate headroom at this time, as discussed above, others such as the Asian and Inter-American development banks are entering into important negotiations to increase their capital base. These arrangements need to be completed in a timely fashion, as must the still-pending negotiations on several concessional facilities, notably those at IMF concerning the successor arrangement to the ESAF (targeted for completion in November 1993) and the review and the replenishment of the Global Environment Facility (targeted for December 1993), as well as the replenishment of the African Development Fund, mentioned previously.

60. The final issue confronting the international community in the arena of cooperation for development, and perhaps the most burning one, is the unsatisfactory recent record of and outlook for ODA as a whole. Some countries that were major donors in the past no longer have the same capacity. In other countries, ODA is being forced to compete more and more strenuously with other claims on limited budget resources.

61. In some donor countries, ODA has fallen victim to the budgetary consequences of economic recession or slow-down. Indeed, acceleration of economic growth in those countries would contribute to the solution of their own economic and social difficulties, and thereby reduce the competition for budget resources; and such a course could help ease the constraints on the growth of ODA. (This emphasizes the wide ramifications of inadequate economic growth in today's global agenda.)

62. However, the political priority of ODA is also being reconsidered in some donor countries. ODA has served a variety of functions for donors, and only some of those functions pertain to economic and social development. As the discussion of export credits and "mixed credits" suggested, some motives for the offering of aid are commercial ones. By receiving aid based on such a motive, a developing country with long-running deterioration of its economic situation and growing poverty would become a less promising market and would thus be a less substantial ODA recipient just when its aid needs were greatest.

63. Other aid motives of donor countries have pertained to the building of political alliances, in particular within the context of the cold war, a factor that is no longer relevant. The humanitarian impulse remains a strong motive, but the different standards that countries maintain with respect to human rights and political participation, not to mention military spending, can challenge the political constituencies for ODA in donor countries. In addition, in the political arena of donor countries, ODA suffers from the fact that it has been extended for well over 30 years and per capita incomes of a substantial number of recipient countries are lower today than they were when ODA began. That a large number of generally small countries have become heavily dependent on ODA resources is a concern of donors and recipients alike. 34/

64. In many cases, too much may have been expected from a relatively small amount of assistance. However, the shared donor-recipient responsibility for improving the effectiveness of ODA has been an important concern of the aid community for many years. Recently, the Development Assistance Committee of OECD has codified its work on appropriate aid practices in a handbook for donors. 35/ This is also a constant concern of the meetings of the consultative groups and round-table arrangements of donors and individual recipient countries.

65. A significant and related recent trend is the rising role of non-governmental organizations in international cooperation for development. Non-governmental organization offer an important alternative outlet for ODA to the humanitarian impulse of people around the world, one that tends to reduce government intervention at donor and recipient ends of the aid spectrum. On the other hand, non-governmental organizations mobilize financial resources on a much smaller scale than government agencies, although in donor countries they often play an important role in lobbying for more effective and larger-scale official assistance.

66. Indeed, there are reasons to seek to deepen the ODA commitment. One is the increasing recognition of the global nature of several sectoral and environmental problems, including reducing carbon dioxide emissions to combat global warming, rebuilding the productivity of ocean fisheries, giving low-income farmers an alternative that can compete with illicit drug crops, and cementing national and regional peace and building security through post-conflict economic development assistance.

67. As always, however, the primary case for ODA is that the world can ill afford to have any significant part of itself remain perpetually outside the portion where incomes grow significantly and the security of life improves. ODA has been central to international economic cooperation for development and remains so. The desire to strengthen that cooperation is born of the recognized

mutuality of national interests and the need for solidarity in an interdependent world. The commitment of the international community to ODA remains a major test of its commitment to international cooperation for development.

Notes

1/ See Official Records of the General Assembly, Forty-sixth Session, Supplement No. 3 (A/46/3/Rev.1), chap. III, paras. 6-14.

2/ Aggregated estimates are from the Department for Economic and Social Information and Policy Analysis of the United Nations Secretariat, Macroeconomic Data System (MEDS), an analytical database of the Division of Macroeconomic and Social Policy Analysis.

3/ In Africa, aggregate savings fell from 26 per cent of GDP in 1980 to 19 per cent in 1990, while in Latin America savings fell from 23 per cent GDP to 21 per cent over the same period.

4/ Three-year averages are used here to reduce the statistical effects of short-term changes in economic conditions of individual countries; the savings rate is calculated in nominal terms in local currency from national income accounts; real GDP is also based on national currency definitions (data from World Bank, World Tables, 1992 Update, 28 August 1992).

5/ On the relation between foreign debt servicing and the non-interest budget balance, see the report of the Secretary-General (A/45/487) entitled "Net transfer of resources from developing countries", sect. IV and references cited therein.

6/ The statistics in the following paragraphs are based on Report on the World Social Situation, 1993 (United Nations publication, Sales No. E.93.IV.2), chap. VIII.

7/ Including El Salvador, Israel, the Republic of Korea, Myanmar, Oman, Pakistan, the Syrian Arab Republic, Uganda, the United Arab Emirates and Yemen.

8/ See the report of the Secretary-General pursuant to the statement adopted by the Summit Meeting of the Security Council on 31 January 1992 on preventive diplomacy. Peacemaking and peace-keeping (A/47/277-S/24111) entitled "An Agenda for Peace".

9/ See Savings and Credit for Development. Report of the International Conference on Savings and Credit for Development, Klarskovgård, Denmark, 28-31 May 1990 (United Nations publication, Sales No. E.92.II.A.1).

10/ The following is based on World Economic Survey, 1993 (United Nations publication, Sales No. E.93.II.C.1), chap. IV. A formal derivation of the net transfer is given in World Economic Survey, 1986 (United Nations publication, Sales No. E.86.II.C.1), annex III. The net transfer considered as a supplement to domestic savings is formally defined as the net transfer on an expenditure basis and differs from the net transfer on a financial basis described in the present report by the net amount of use or accumulation of official reserves.

11/ The composition of flows is from World Investment Report, 1993 (United Nations publication, Sales No. E.93.II.A.14), p. 45, table II.2.

12/ Data of the International Monetary Fund (IMF) and the World Bank in "Developing country access to private capital flows", Development Issues: Presentations to the 46th Meeting of the Development Committee (Washington, D.C., World Bank, May 1993), p. 55.

13/ See the report of the Secretary-General, (A/48/345), entitled "The international debt strategy as of mid-1993".

14/ The totals included shares issued through depositary receipts, where a bank acted as an intermediary and held the shares originally issued, and "B-shares" issued by Chinese firms (based on IMF and the World Bank, "Developing country access to private capital flows", p. 56).

15/ Ratings by Standard & Poor's as of 5 July 1993, as reported in World Bank, Financial Flows to Developing Countries: Quarterly Review, July 1993, p. 9.

16/ Of the 25 developing countries whose secondary-market prices are tracked by the Secretariat, only Algeria and Chile have attracted bids of 90 per cent of face value or more in the first half of 1993 (based on data provided by Merrill Lynch and Salomon Brothers, New York). A general rise in bids on the market reflects both an improved outlook for the countries concerned and falling interest rates available on other international bonds.

17/ See Malcolm Stephens, "Export finance as a source of funding for developing countries", in Development Issues: Presentations to the 46th Meeting of the Development Committee (Washington, D.C., World Bank, May 1993), pp. 195-200.

18/ This remains an important item on the agenda of the Development Assistance Committee of OECD (see OECD, Development Cooperation, 1992 Report (Paris, OECD, December 1992), pp. 10-11.

19/ Data of OECD, "Financial resources for developing countries: 1992 and recent trends", press release SG/PRESS(93)41 of 29 June 1993.

20/ See document A/48/345.

21/ Some developing countries nevertheless enjoy rather good access to private finance and may be offered quite competitive terms, especially when the exchange-rate risk of the multiple-currency borrowing of the multilaterals is taken into account, not to mention the policy conditionality that is negotiated as part of a multilateral loan agreement.

22/ The Fund received $200 million on a net basis from developing countries in 1992 and over $50 million in the first six months of 1993, despite its making net disbursements of concessional flows of $800 million in both periods (data of IMF, International Financial Statistics).

23/ A related matter is the decline in recent years in the proportion of operations that the World Bank itself considers to have been successful. To address this problem, the President of the Bank commissioned an internal study (the Wapenhans Report, named after a former Bank vice-president who headed it) and then launched a new programme to implement its recommendations. For a

description of the latter, see Getting Results: the World Bank's Agenda for Improving Development Effectiveness (Washington, D.C., World Bank, 1993).

24/ See Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992, vol. I, Resolution Adopted by the Conference (United Nations publication, Sales No. E.93.I.8), resolution 1, annex I.

25/ Ibid., annex II.

26/ See the report of the Secretary-General (A/48/331) entitled "Impact of the recent evolution of the economies in transition on the world economy".

27/ See World Economic Survey, 1993 ..., annex, table A.33.

28/ For detailed preliminary aid data for 1992, see OECD, "Financial resources for developing countries: 1992 and recent trends." ... .

29/ OECD, Development Cooperation ... , p. 23.

30/ Global Economic Prospects and the Developing Countries, 1993 (Washington, D.C., World Bank, April 1993), p. 50.

31/ Report of the United Nations Conference on Trade and Development on its Eighth Session, TD/364, part one, sect. A.

32/ See the press communiqués of the Development Committee issued on 22 September 1992 (reprinted in IMF Survey, 12 October 1992, pp. 313-315) and 1 May 1993 (reprinted in IMF Survey, 17 May 1993, pp. 150-152).

33/ Current thinking on such policy packages is reviewed in another report of the Secretary-General (A/48/380), presented to the General Assembly at its forty-eighth session, entitled "Economic stabilization programmes in developing countries".

34/ In the period 1986-1991, the value of ODA receipts exceeded 10 per cent of GNP in more than 30 countries; it exceeded 20 per cent of GNP in 19 countries (based on data of World Development Indicators, World Development Report, 1993 (Washington, D.C.: World Bank, 1993)).

35/ See Development Assistance Manual: DAC Principles for Effective Aid (Paris, OECD, 1992).